

**SCHOOL DISTRICT OF THE  
TOWNSHIP OF WEST MILFORD  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Township of West Milford School District**

**Board of Education**

**West Milford, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**WEST MILFORD BOARD OF EDUCATION**

**West Milford, New Jersey**

**TOWNSHIP OF WEST MILFORD**

**BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## **INTRODUCTORY SECTION**



# WEST MILFORD PUBLIC SCHOOLS

46 Highlander Drive, West Milford, New Jersey 07480  
Phone: 973-697-1700    [www.wmtps.org](http://www.wmtps.org)    Fax: 973-697-8351

**Anthony Riscica**  
Interim Superintendent

**Barbara Francisco**  
Business Administrator/Board Secretary

**Daniel Novak**  
Director of Education

**Elizabeth McQuaid, OTD**  
Director of Special Services

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December 17, 2015

Honorable President and  
Members of the Board of Education  
West Milford Township School District  
County of Passaic, New Jersey

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Milford Township School District (District) for the fiscal year ending June 30, 2015. This CAFR includes the District's Basic Financial Statements in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- ◆ The Introductory section includes this transmittal letter, the District's organizational chart and a list of Principal Officials;
- ◆ The Financial section includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report thereon;
- ◆ The Statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

The Board of Education of the Township of West Milford is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The West Milford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 12. These include regular, vocational as well as special education for special needs youngsters. The District's instructional facilities includes six elementary schools (grades Pre-Kindergarten through grade 6), one middle school (grades 7 and 8), and one high school (grades 9 through 12). The District completed the 2014-15 fiscal year with an average daily enrollment of 3,597, which has remained relatively unchanged from the prior year. The following details the changes in the student enrollment of the District over the last 13 years.

**Student Enrollment Data**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2014-15	3,710	-1.54%
2013-14	3,768	-1.21%
2012-13	3,814	-2.1%
2011-12	3,896	-1.2%
2010-11	3,944	-1.7%
2009-10	4,013	-2.77%
2008-09	4,124	-3.62%
2007-08	4,279	-2.55%
2006-07	4,391	-2.92%
2005-06	4,523	-2.75%
2004-05	4,651	-1.44%
2003-04	4,719	0.53%
2002-03	4,694	1.32%

The Board of Education, comprised of nine members, meets on the third Tuesday of each month for the workshop Board meeting and the fourth Tuesday of each month for the regular Board meeting.

The Parent Teacher Groups are highly active in the District and provide community support for a variety of programs and activities for the children.

**2. ECONOMIC CONDITION AND OUTLOOK:**

West Milford Township is a rural/suburban residential community with its working population primarily employed by the Board of Education, local businesses, and various businesses in the surrounding area. The Township's 2010 population of 25,850 has decreased by 560 people, or about -2.1%, since the corrected 2010 census. West Milford's current unemployment rate of 7.4% is below the Passaic County

average of 10.8%. Per capita personal income in Passaic County has leveled off. Although the Township continues to attract new families, there is lower expectation for new development due to the implementation of the Highlands Act.

The Board of Education and Central Office Administration keep the lines of communication open with the community to listen to their suggestions and concerns. The district has implemented a Facebook page and Twitter account to provide information on important events in the district. The Board of Education and Central Office Administration continues to contain expenses to maximize the dollars spent on education and to address facilities improvements that have been identified.

### **3. MAJOR INITIATIVES:**

1) All district administrators work in partnership with teachers and parents to enrich lessons by embedding CCSS into instructional practice. Curricula that had been updated to CCSS is being assessed, refined, enhanced and uploaded to the district's curriculum mapping program, putting the CCSS directly into everyday lessons, as well as into the long range plans for each educator. A newly created position, District Testing Supervisor, expands the outreach, laser focus and consistent attention on the use of student data to inform practice K-12. 2) Supporting the goal of increasing student engagement to maximize academic achievement, the district has implemented the use of Chrome books for use by students in the typical classroom setting, as well as in PARCC testing. A rich array of professional development events will support this transition across the upcoming school year. 3) The district has moved to a Google Apps for Education platform, affording educators and students a wide range of educationally focused tools through which to improve teaching and learning. We have adopted a process for aligning our use of technology with language that supports Bloom's Taxonomy. 4) The district has implemented Professional Learning Communities, providing both direct training, as well as turnkey training for all teachers and administrators. Time has been dedicated to this process to ensure efficacy and integrity of practice and participation. 5) The district has created an ongoing and comprehensive approach to maintaining inter-rater reliability, ongoing professional development and calibration for administrators with regard to the evaluation of teachers. A four day summer institute opened the new school year, and walk through evaluations have been initiated. Co-observations have been increased and a Corrective Action Plan team comprised of administrators has been formed, meeting regularly to maintain a consistent approach under designated protocols, all aligned with NJDOE requirements. Evaluation rubrics for all "Specialists" are currently complete and are being piloted by the DEAC (District Evaluation Advisory Committee), with recommendations for use in 2016-17.

### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described later, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations to fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year end.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Investment income is generated from interest on balances and certificate of deposits through Lakeland State Bank.

**8. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Since the 1996-97 school year, the District has carried student and athletic accident and catastrophic injury insurance on every student enrolled in its schools. Through participation in a pooled insurance program, the District enjoys the benefits of distributed risks and reduced premium costs on all lines of insurance. The Board uses the pool to self-insure for workers' compensation, and continues to receive disbursements of surplus funds from prior years.

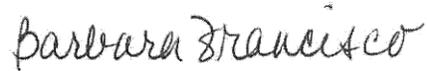
**9. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva. In addition to meeting the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGMENTS:**

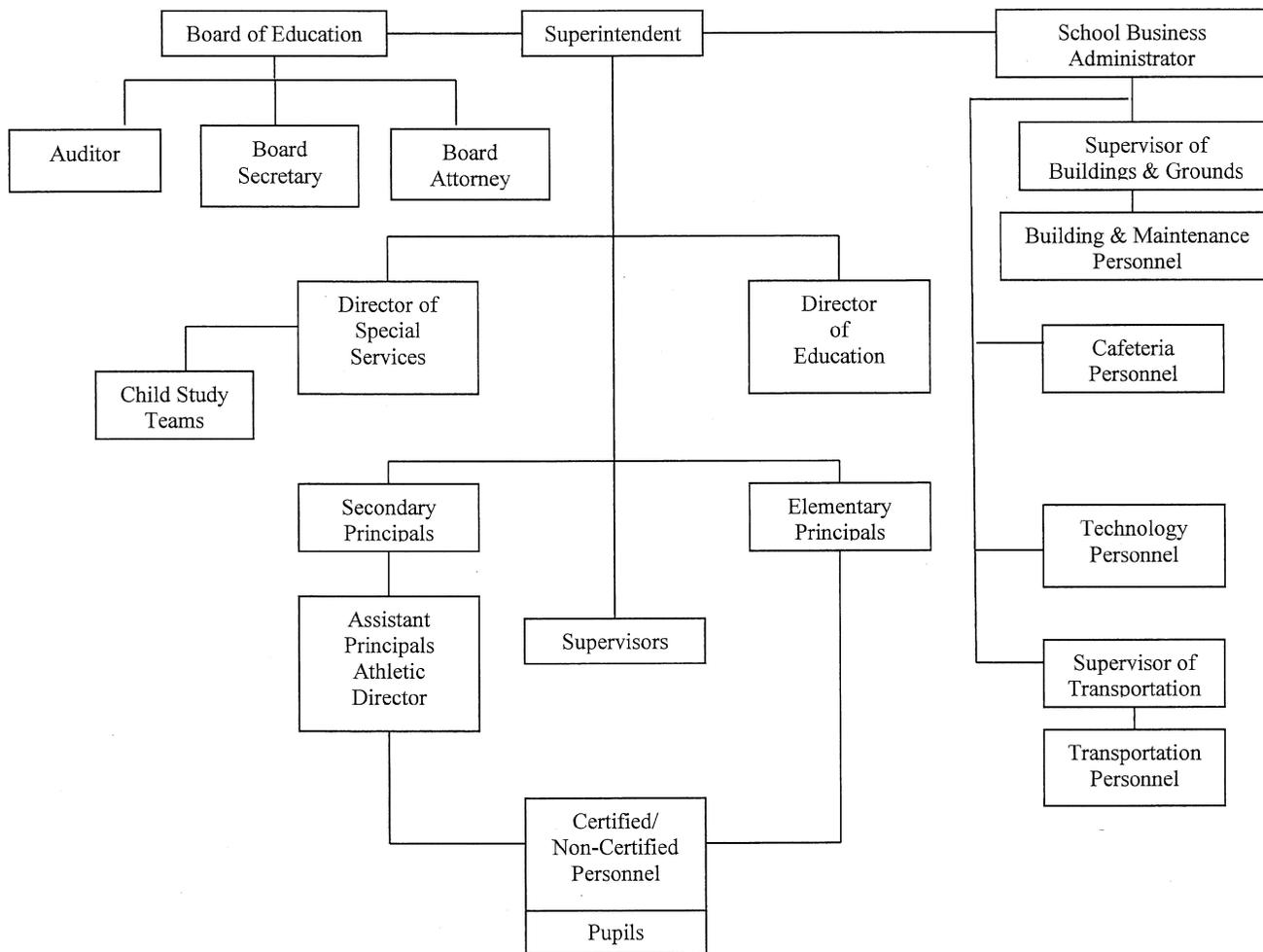
We would like to express our appreciation to the members of the West Milford Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial, accounting, and secretarial staffs.

Respectfully submitted,

A handwritten signature in cursive script that reads "Barbara Francisco".

Barbara Francisco  
Business Administrator/Board Secretary

**WEST MILFORD BOARD OF EDUCATION**  
Organizational Chart  
(Unit Control)



Adopted: 25 April 2012  
 Revised: 24 September 2013  
 Revised: 27 May 2014

**WEST MILFORD  
ROSTER OF OFFICIALS  
June 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marilyn Schultz, President	2017
James Devor - Vice President	2016
Kevin Babbitt	2015
Gregory Bailey	2015
Steven Drew	2015
James Foody	2017
Inga Koeppe	2015
Debbie O'Brien	2016
Rodney Robbins	2017

**Other Officials**

James V. McLaughlin, Ed. D. - Superintendent to November 30, 2014

Anthony Riscica - Interim Superintendent from December 1, 2014

Barbara Francisco - Business Administrator/Board Secretary

Iris Wechling - Director of Education to May 31, 2015

Stuart Barudin, Ed. D. - Director of Special Services

# **WEST MILFORD BOARD OF EDUCATION**

**2014-2015**

Consultants and Advisors

## **ARCHITECTS**

LAN Associates  
445 Godwin Avenue  
Midland Park, New Jersey 07432

DiCara Rubino Architects  
30 Galesi Drive, West Wing  
Wayne, New Jersey 07470

Settembrino Architects  
25 Bridge Avenue  
Red Bank, New Jersey 07701

## **AUDIT FIRM**

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442

## **BOARD ATTORNEY**

Schenck Price Smith & King LLP  
220 Park Avenue  
P. O. Box 991  
Florham Park, New Jersey 07932

## **LABOR NEGOTIATOR**

Schwartz, Simon, Edelstein, & Celso, LLC  
100 South Jefferson Road, Suite 200  
Whippany, New Jersey 079815

## **SPECIAL EDUCATION ATTORNEY**

Schwartz, Simon, Edelstein, & Celso, LLC  
100 South Jefferson Road, Suite 200  
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## **FISCAL AGENTS**

J. P. Morgan Chase Bank, N.A.  
Dallas, Texas

## **OFFICIAL DEPOSITORY**

Lakeland Bank  
West Milford, New Jersey

**FINANCIAL SECTION**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
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Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic, New Jersey

### **Report on the Financial Statements**

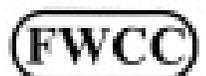
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of West Milford Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and Schedules related to Accounting and Reporting for Pensions (GASB 68) identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of West Milford Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 on our consideration of the Township of West Milford Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing

Honorable President and  
Members of the Board of Education  
Page 4.

of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of West Milford Board of Education's internal control over financial reporting and compliance.



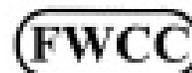
Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
*Certified Public Accountants*

Pompton Lakes, New Jersey

December 17, 2015



**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

WEST MILFORD TOWNSHIP PUBLIC SCHOOL DISTRICT  
WEST MILFORD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(UNAUDITED)

The discussion and analysis of West Milford Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2015 are as follows:

- ◆ General revenues accounted for \$82,810,515 in revenue or 97.89% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,787,288 or 2.11% percent to total revenues of \$84,597,803.
- ◆ The School District had \$81,494,628 in expenses; \$1,787,288 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$82,810,515 were adequate to provide for these programs.
- ◆ The General Fund had \$75,510,764 in revenues and \$74,379,379 in expenditures and (\$1,301,532) in other financing sources. The General Fund's balance decreased by \$170,147 over 2014. Revenues do not include funds used from fund balance resulting in expenses exceeding revenues.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand West Milford Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Reporting the School District as a Whole**

**Government-wide financial statements** are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of West Milford Township Public School District, the General Fund is by far the most significant fund.

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014-2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in activities. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Community School enterprise funds are reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. Although the School District uses many funds to account for a multitude of financial transactions, these financial statements focus on the School district's most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2015 with comparative data.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 9,165,129	\$ 9,033,962	\$ 217,018	\$ 99,084	\$ 9,382,147	\$ 9,133,046
Capital Assets, net	16,712,214	15,166,472	123,999	247,464	16,836,213	15,413,936
Total Assets	<u>25,877,343</u>	<u>24,200,434</u>	<u>341,017</u>	<u>346,548</u>	<u>26,218,360</u>	<u>24,546,982</u>
Deferred Outflows						
Deferred Outflows of Resource Related to PERS	<u>1,831,487</u>				<u>1,831,487</u>	
Liabilities						
Long-Term Liabilities	27,771,358	5,570,242			27,771,358	5,570,242
Other Liabilities	3,061,634	1,741,568	25,225	26,322	3,086,859	1,767,890
Total Liabilities	<u>30,832,991</u>	<u>7,311,810</u>	<u>25,225</u>	<u>26,322</u>	<u>30,858,217</u>	<u>7,338,132</u>
Deferred Inflows						
Deferred Inflows of Resource Related to PERS	<u>2,324,757</u>				<u>2,324,757</u>	
Net Assets						
Invested in Capital Assets -						
Net of Debt	14,625,039	12,491,734	123,999	247,464	14,749,038	12,739,198
Restricted	7,957,499	8,164,505	48,552	38,950	8,006,050	8,203,455
Unrestricted	<u>(28,031,456)</u>	<u>(3,767,616)</u>	<u>143,241</u>	<u>33,812</u>	<u>(27,888,215)</u>	<u>(3,733,804)</u>
Total Net Position	<u>\$ (5,448,918)</u>	<u>\$ 16,888,623</u>	<u>\$ 315,792</u>	<u>\$ 320,226</u>	<u>\$ (5,133,127)</u>	<u>\$ 17,208,849</u>

The District's combined net position was (\$5,133,127) on June 30, 2015.

Table 2 shows the changes in net position from fiscal year 2015, with a comparative analysis of district-wide data.

Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 381,513	\$ 164,332	\$ 1,157,856	\$ 1,111,889	\$ 1,539,369	\$ 1,276,221
Operating Grants and Contributions	1,405,774	1,466,993	353,519	339,714	1,759,293	1,806,707
Capital Grants and Contributions					-	-
General Revenues:						
Property taxes	53,540,227	52,496,334			53,540,227	52,496,334
Grants and entitlements	28,431,736	20,954,417			28,431,736	20,954,417
Other	974,140	416,011	1,213	5,750	975,353	421,761
Transfers			135,588	117,049	135,588	117,049
Total Revenues	<u>84,733,391</u>	<u>75,498,087</u>	<u>1,648,176</u>	<u>1,574,402</u>	<u>86,381,567</u>	<u>77,072,489</u>
<b>Functions/Programs Expenses</b>						
Instruction	46,138,883	41,436,046			46,138,883	41,436,046
Support Services:						
Pupils and instructional staff	14,253,175	13,369,090			14,253,175	13,369,090
General, central & school administration	7,286,979	6,525,575			7,286,979	6,525,575
Operations and maintenance of facilities	7,936,484	7,153,738			7,936,484	7,153,738
Pupil transportation	5,751,379	5,452,455			5,751,379	5,452,455
Interest on debt	49,060	64,697			49,060	64,697
Food service			1,233,017	1,261,766	1,233,017	1,261,766
Adult Community School			286,769	238,844	286,769	238,844
Other	78,669	59,180			78,669	59,180
Transfers	135,588	117,049			135,588	117,049
Total Expenses	<u>81,630,217</u>	<u>74,177,830</u>	<u>1,519,786</u>	<u>1,500,610</u>	<u>83,150,003</u>	<u>75,678,440</u>
(Decrease) Increase in Net Position	<u>\$ 3,103,174</u>	<u>\$ 1,320,257</u>	<u>\$ 128,390</u>	<u>\$ 73,792</u>	<u>\$ 3,231,564</u>	<u>\$ 1,394,049</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 68.80% of revenues for governmental activities for the West Milford Township Public School District for fiscal year 2015. The District's total revenues were \$77,815,572 for the fiscal year ended June 30, 2015. Federal, state and local grants accounted for another 29.46%. The balance of the revenues is from other miscellaneous sources including interest, rentals, tuition, and budgeted fund balance.

### **Business-Type Activities**

Revenues for the District's Food Service Program were comprised of \$116,964 in charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$480,084.
- ◆ Charges for services represent \$762,535 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$353,519.

Revenues for the School Aged Child Care Program were comprised of registration fees and tuition charges.

- ◆ SACC ( School Aged Child Care ) revenues exceeded expenses by \$108,553.
- ◆ Charges for services represents \$395,322 of total revenue while non-operating revenues were \$877.

### **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparative data for 2014.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 46,138,883	\$ 44,572,492	\$ 41,436,046	\$ 40,001,034
Support services				
Pupils and Instructional Staff	14,253,175	14,067,026	13,369,090	13,192,183
General, Central & School Administration	7,286,979	7,286,979	6,525,575	6,525,575
Operation & Maintenance of Facilities	7,936,484	7,936,484	7,153,738	7,153,738
Pupil Transportation	5,751,379	5,716,631	5,452,455	5,433,049
Interest and Fiscal Charges	49,060	49,060	64,697	64,697
Other	78,669	78,669	59,180	59,180
Total expenses	<u>\$ 81,494,629</u>	<u>\$ 79,707,341</u>	<u>\$ 74,060,781</u>	<u>\$ 72,429,456</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### **The School District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$77,815,572 and expenditures of \$78,199,493.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	2015 Amount	Percent of Total	2014 Amount	Percent of Total
Local Sources	\$54,497,060	70.03%	\$53,089,994	70.32%
State Sources	21,799,652	28.01%	20,886,222	27.66%
Federal Sources	<u>1,518,859</u>	<u>1.95%</u>	<u>1,521,870</u>	<u>2.02%</u>
Total	<u><u>\$77,815,572</u></u>	<u><u>100.00%</u></u>	<u><u>\$75,498,086</u></u>	<u><u>100.00%</u></u>

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2015.

Expenditures	2015 Amount	Percent of Total	2014 Amount	Percent of Total
Current:				
Instruction	\$29,153,569	37.28%	\$29,404,081	38.89%
Undistributed Expenditures	45,503,354	58.19%	44,233,428	58.50%
Capital outlay	3,004,287	3.84%	1,437,578	1.90%
Debt service:				
Principal	484,559	0.62%	468,895	0.62%
Interest	<u>53,724</u>	<u>0.07%</u>	<u>69,428</u>	<u>0.09%</u>
Total	<u><u>\$78,199,493</u></u>	<u><u>100.00%</u></u>	<u><u>\$75,613,410</u></u>	<u><u>100.00%</u></u>

### General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Property, liability, and medical insurances were renewed at higher rates than budgeted. This represents a national trend in all major areas of the insurance industry.
- ◆ TPAF, which is the state's contribution to the pension fund and social security, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

## Capital Assets

At the end of the fiscal year 2015, the School District had \$16,836,213 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Land	\$ 2,327,249	\$ 2,327,249		
Construction in Progress	2,092,122			
Building and Improvements	8,781,294	9,626,807		
Machinery and Equipment	3,511,549	3,212,416	123,999	247,464
	<u>\$ 16,712,214</u>	<u>\$ 15,166,472</u>	<u>\$ 123,999</u>	<u>\$ 247,464</u>

Overall capital assets increased \$1,422,277 from fiscal year 2014 to fiscal year 2015. The capital asset decreases was due primarily to revised inventory to account for obsolete technology and additional depreciation expenses on for all assets.

## Debt Administration

At June 30, 2015, the School District had total debt issued of \$4,508,585 with an outstanding balance of \$1,406,234. This debt was issued through serial bonds and loans for school construction and infrastructure. In January 2003 the voters of West Milford Township approved a referendum to improve district facilities in the amount of \$6,173,688 of which \$4,463,000 was issued as debt and the balance came from state grants. In December 2008, the district received an interest free loan from the School Development Authority to fund the remediation of two fuel tanks in the transportation depot.

The district maintains a low proportion of debt relative to its maximum overall legal debt margin of \$119,942,363 at June 30, 2015.

<u>Debt Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Balance Due</u>
SDA UST Interest Free Loan	12/1/2008	\$ 45,585	\$ 18,234
Bond 2003	7/15/2003	4,463,000	1,388,000
Total		<u>\$ 4,508,585</u>	<u>\$ 1,406,234</u>

## **For the Future**

The West Milford Township Public School District is in very good financial condition presently. Major concerns facing the district include aging infrastructure, increased reliance on local property taxes, potential residential development, and increases in expenses which exceed the state imposed budget cap. However, future finances are not without challenges as costs increase and state funding lags.

West Milford Township is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to shoulder the tax burden.

The West Milford Township Public School District has committed itself to financial and educational excellence. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at West Milford Township Board of Education, 46 Highlander Drive, West Milford, N.J. 07480; 973-697-1700 extension 5051.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	5,724,615.29	506,658.60	6,231,273.89
Receivables, net	1,036,146.26	35,220.29	1,071,366.55
Internal balances	338,402.31	(338,402.31)	-
Inventory		13,541.68	13,541.68
Restricted assets:			
Capital reserve account - cash	1,865,965.36		1,865,965.36
Maintenance reserve account - cash	200,000.00		200,000.00
Capital assets:			
Land	2,327,249.42		2,327,249.42
Other capital assets, net	14,384,964.42	123,998.72	14,508,963.14
Total Assets	<u>25,877,343.06</u>	<u>341,016.98</u>	<u>26,218,360.04</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows of Resources Related to PERS	<u>1,831,487.00</u>		<u>1,831,487.00</u>
<b>LIABILITIES</b>			
Accounts payable	2,150,265.45	23,015.41	2,173,280.86
Accrued interest payable	13,486.73		13,486.73
Contracts Payable	93,650.00		93,650.00
Payable to federal government	10,306.40		10,306.40
Payable to state government	373.00		373.00
Unearned revenue	42,156.82	2,210.00	44,366.82
Noncurrent liabilities:			
Due within one year	751,395.20		751,395.20
Due beyond one year	27,771,357.74		27,771,357.74
Total liabilities	<u>30,832,991.34</u>	<u>25,225.41</u>	<u>30,858,216.75</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS	<u>2,324,757.00</u>		<u>2,324,757.00</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	14,625,039.39	123,998.72	14,749,038.11
Restricted for:			
Other purposes	6,043,247.99	48,551.77	6,091,799.76
Debt service	3,478.93		3,478.93
Capital projects	1,910,771.73		1,910,771.73
Unrestricted	(28,031,456.32)	143,241.08	(27,888,215.24)
Total net position	<u>(5,448,918.28)</u>	<u>315,791.57</u>	<u>(5,133,126.71)</u>

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	21,463,410.12	12,225,468.73	346,765.89	1,219,624.64	(32,122,488.32)		(32,122,488.32)
Special education	6,120,814.08	4,759,844.50			(10,880,658.58)		(10,880,658.58)
Other special instruction	307,126.60	-			(307,126.60)		(307,126.60)
Other instruction	1,262,218.41	-			(1,262,218.41)		(1,262,218.41)
Support services:							
Tuition	4,687,172.63	-			(4,687,172.63)		(4,687,172.63)
Student & instruction related services	7,029,827.74	2,536,175.38		186,149.80	(9,379,853.32)		(9,379,853.32)
General administrative services	1,178,020.58	386,195.44			(1,564,216.02)		(1,564,216.02)
School administrative service	2,516,790.81	1,657,294.69			(4,174,085.50)		(4,174,085.50)
Central services and Admin. Infor. Tech.	1,012,607.22	536,069.63			(1,548,676.85)		(1,548,676.85)
Plant operations and maintenance	5,895,821.59	2,040,662.36			(7,936,483.95)		(7,936,483.95)
Pupil transportation	4,123,837.62	1,627,540.95	34,747.20		(5,716,631.37)		(5,716,631.37)
Capital Outlay - Non-depreciable	27,501.00				(27,501.00)		(27,501.00)
Charter School	33,960.00	-			(33,960.00)		(33,960.00)
Interest on long-term debt	49,060.00	-			(49,060.00)		(49,060.00)
Unallocated depreciation and amortization		17,208.00			(17,208.00)	-	(17,208.00)
Total governmental activities	<u>55,708,168.40</u>	<u>25,786,459.68</u>	<u>381,513.09</u>	<u>1,405,774.44</u>	<u>(79,707,340.55)</u>	<u>-</u>	<u>(79,707,340.55)</u>
Business-type activities:							
Food Service	1,228,081.88	4,935.04	762,534.59	353,518.62	-	(116,963.71)	(116,963.71)
School Aged Child Care	286,768.74	-	395,321.64	-	-	108,552.90	108,552.90
Total business-type activities	<u>1,514,850.62</u>	<u>4,935.04</u>	<u>1,157,856.23</u>	<u>353,518.62</u>	<u>-</u>	<u>(8,410.81)</u>	<u>(8,410.81)</u>
Total primary government	<u>57,223,019.02</u>		<u>1,539,369.32</u>	<u>1,759,293.06</u>	<u>(79,707,340.55)</u>	<u>(8,410.81)</u>	<u>(79,715,751.36)</u>
General revenues:							
Taxes:							
					53,042,837.00		53,042,837.00
					497,390.00		497,390.00
					28,431,736.35		28,431,736.35
					893.00		893.00
					2,894.25	1,212.58	4,106.83
					400,750.03		400,750.03
					(135,588.44)	135,588.44	-
					569,602.73		569,602.73
					<u>82,810,514.92</u>	<u>136,801.02</u>	<u>82,947,315.94</u>
					3,103,174.37	128,390.21	3,231,564.58
					(8,552,092.65)	187,401.36	(8,364,691.29)
					<u>(5,448,918.28)</u>	<u>315,791.57</u>	<u>(5,133,126.71)</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**WEST MILFORD BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	5,393,094.52		328,041.84	3,478.93	5,724,615.29
Interfund Loan Receivables	8,911.59				8,911.59
Interfund Receivables	576,717.93				576,717.93
Receivables from other governments	796,374.27	69,550.28			865,924.55
Other Accounts Receivable	121,491.56				121,491.56
Restricted cash and cash equivalents	2,065,965.36				2,065,965.36
Total assets	<u>8,962,555.23</u>	<u>69,550.28</u>	<u>328,041.84</u>	<u>3,478.93</u>	<u>9,363,626.28</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund Payables			189,585.47		189,585.47
Interfund Loan Payables		8,911.59			8,911.59
Contracts Payable			93,650.00		93,650.00
Accounts payable	1,004,981.78	48,523.67			1,053,505.45
Payable to State government		373.00			373.00
Payable to Federal government		10,306.40			10,306.40
Unearned revenue	40,721.20	1,435.62			42,156.82
Total liabilities	<u>1,045,702.98</u>	<u>69,550.28</u>	<u>283,235.47</u>	<u>-</u>	<u>1,398,488.73</u>
Fund Balances:					
Assigned to:					
Other Purposes	360,026.84				360,026.84
Designated For Subsequent Year's expenditures	519,706.85				519,706.85
Restricted for:					
Capital reserve account	1,865,965.36				1,865,965.36
Maintenance reserve account	200,000.00				200,000.00
Excess Surplus	2,957,314.30				2,957,314.30
Excess Surplus Designated for Subsequent Year's Expenditures	2,006,200.00				2,006,200.00
Debt Service Fund				3,478.93	3,478.93
Capital Projects Fund			44,806.37		44,806.37
Unassigned:					
General fund	7,638.90				7,638.90
Total fund balances (Deficit)	<u>7,916,852.25</u>	<u>-</u>	<u>44,806.37</u>	<u>3,478.93</u>	<u>7,965,137.55</u>
Total liabilities and fund balances	<u>8,962,555.23</u>	<u>69,550.28</u>	<u>328,041.84</u>	<u>3,478.93</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(13,486.73)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$40,520,915.44 and the accumulated depreciation is \$23,808,701.60.	16,712,213.84
Accounts Payable for subsequent Pension payment is not a payable in the funds	(1,096,760)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	1,831,487.00
Deferred Inflows of Resources Related to PERS Pension Liability	(2,324,757.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(28,522,752.94)
Net position of governmental activities	<u>(5,448,918.28)</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	53,042,837.00			497,390.00	53,540,227.00
Tuition charges	346,765.89				346,765.89
Transportation Fees from Other LEA's	34,747.20				34,747.20
Interest Earned on Capital Reserve Funds	2,894.25				2,894.25
Local Grants		2,823.40			2,823.40
Rents and Royalties	134,298.18				134,298.18
Miscellaneous	435,304.55				435,304.55
Total - Local Sources	<u>53,996,847.07</u>	<u>2,823.40</u>	-	<u>497,390.00</u>	<u>54,497,060.47</u>
State sources	21,398,009.23		400,750.03	893.00	21,799,652.26
Federal sources	115,908.12	1,402,951.04			1,518,859.16
Total revenues	<u>75,510,764.42</u>	<u>1,405,774.44</u>	<u>400,750.03</u>	<u>498,283.00</u>	<u>77,815,571.89</u>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	20,243,785.48	1,219,624.64			21,463,410.12
Special education instruction	6,120,814.08				6,120,814.08
Other special instruction	307,126.60				307,126.60
Other instruction	1,262,218.41				1,262,218.41
Support services and undistributed costs:					
Tuition	4,687,172.63				4,687,172.63
Student & instruction related services	6,843,677.94	186,149.80			7,029,827.74
General administrative services	1,182,703.14				1,182,703.14
School administrative services	2,557,967.04				2,557,967.04
Central Services and Admin. Infor. Tech.	1,012,607.22				1,012,607.22
Plant operations and maintenance	5,936,972.57				5,936,972.57
Pupil transportation	4,470,002.03				4,470,002.03
Unallocated employee benefits	18,592,141.69				18,592,141.69
Capital outlay	1,128,230.36		1,876,056.66		3,004,287.02
Transfer to Charter School	33,960.00				33,960.00
Debt service:					
Principal				484,558.50	484,558.50
Interest and other charges				53,724.00	53,724.00
Total expenditures	<u>74,379,379.19</u>	<u>1,405,774.44</u>	<u>1,876,056.66</u>	<u>538,282.50</u>	<u>78,199,492.79</u>
Excess (Deficiency) of revenues over expenditures	<u>1,131,385.23</u>	<u>-</u>	<u>(1,475,306.63)</u>	<u>(39,999.50)</u>	<u>(383,920.90)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	330,169.21				330,169.21
Transfers in - From Capital Projects	24,000.00				24,000.00
Transfers in - From Capital Outlay			670,113.00		670,113.00
Transfer out to - Enterprise Fund	(135,588.44)				(135,588.44)
Transfers in - Transfer from Capital Reserve			850,000.00		850,000.00
Transfers in - Capital Projects Fund	(850,000.00)				(850,000.00)
Transfer out - Capital Reserve Account			(24,000.00)		(24,000.00)
Transfers out - General Fund to Capital Projects Fund	(670,113.00)				(670,113.00)
Total other financing sources and uses	<u>(1,301,532.23)</u>	<u>-</u>	<u>1,496,113.00</u>	<u>-</u>	<u>194,580.77</u>
Net change in fund balances	(170,147.00)	-	20,806.37	(39,999.50)	(189,340.13)
Fund balance—July 1	8,086,999.25		24,000.00	43,478.43	8,154,477.68
Fund balance—June 30	<u>7,916,852.25</u>	<u>-</u>	<u>44,806.37</u>	<u>3,478.93</u>	<u>7,965,137.55</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Total net change in fund balances - governmental funds (from B-2)** (189,340.13)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

	Depreciation expense	(927,786.47)	
	Capital outlay	<u>2,976,786.02</u>	2,048,999.55

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

	Principal Payments on Capital Leases	433,174.18	
	Principal Payments on Bonds Payable	484,558.50	

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase) Decrease in Compensated Absences Payable			669,056.48
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District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	1,028,799.00	
	Less: Pension Expense	<u>(1,029,360.00)</u>	
Increase/(Decrease) in Pension Expense			(561.00)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

	Increase in On-behalf State Aid TPAF Pension	6,917,819.00	
	Increase in On-behalf TPAF Pension Expense	<u>(6,917,819.00)</u>	

Proceeds from debt issues are a financing source in the government funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

	Capital Lease Proceeds		(330,169.21)
--	------------------------	--	--------------

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.(-)

			(17,208.00)
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In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an increase in the reconciliation.

			<u>4,664.00</u>
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**Change in net position of governmental activities**

			<u><u>3,103,174.37</u></u>
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**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>School Age Child Care</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	35,240.05	471,418.55	506,658.60
Interfund Receivable:			
School Age Child Care		7,780.00	7,780.00
Intergovernmental receivables:			
State	1,330.33		1,330.33
Federal	26,109.96		26,109.96
Inventories	13,541.68		13,541.68
Total current assets	<u>76,222.02</u>	<u>479,198.55</u>	<u>555,420.57</u>
Noncurrent assets:			
Furniture, machinery & equipment	514,783.51	-	514,783.51
Less accumulated depreciation	<u>(390,784.79)</u>	<u>-</u>	<u>(390,784.79)</u>
Total noncurrent assets	<u>123,998.72</u>	<u>-</u>	<u>123,998.72</u>
 Total assets	 <u>200,220.74</u>	 <u>479,198.55</u>	 <u>679,419.29</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	23,015.41	-	23,015.41
Encumbrances Payable	2,176.52	7,425.25	9,601.77
Interfund Payable:			
General Fund	51,030.09	287,372.22	338,402.31
Deferred Revenue	-	2,210.00	2,210.00
Total current liabilities	<u>76,222.02</u>	<u>297,007.47</u>	<u>373,229.49</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of			
Related Debt	123,998.72	-	123,998.72
Contributed Capital		38,950.00	38,950.00
Unreserved retained earnings	-	143,241.08	143,241.08
Total net position	<u>123,998.72</u>	<u>182,191.08</u>	<u>306,189.80</u>

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Fund</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>School Age Child Care</b>	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable lunch programs	632,905.51		632,905.51
Daily sales - non-reimbursable programs	128,944.33		128,944.33
Special functions	684.75	41.82	726.57
Program Fees		395,279.82	395,279.82
Total operating revenues	<u>762,534.59</u>	<u>395,321.64</u>	<u>1,157,856.23</u>
Operating expenses:			
Cost of sales	478,873.47		478,873.47
Salaries	305,198.83	243,363.59	548,562.42
Employers share of Social Security	23,334.21		23,334.21
Employee benefits	175,767.10	18,416.21	194,183.31
Purchased professional / technical services	136,782.33	4,253.00	141,035.33
Repairs	12,633.15		12,633.15
Purchased Technical Services	2,556.00		2,556.00
General supplies	31,451.06	19,921.19	51,372.25
Depreciation	4,935.04	-	4,935.04
Management fees	66,869.90		66,869.90
Miscellaneous	4,217.60	814.75	5,032.35
Total operating expenses	<u>1,242,618.69</u>	<u>286,768.74</u>	<u>1,529,387.43</u>
Operating Income (loss)	<u>(480,084.10)</u>	<u>108,552.90</u>	<u>(371,531.20)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	11,230.25		11,230.25
Federal sources:			
National school lunch program	267,579.56		267,579.56
School breakfast program	10,101.98		10,101.98
Food distribution program	64,606.83		64,606.83
Interest and investment revenue	336.00	876.58	1,212.58
Total non-operating revenues (expenses)	<u>353,854.62</u>	<u>876.58</u>	<u>354,731.20</u>
Income (loss) before contributions & transfers	<u>(126,229.48)</u>	<u>109,429.48</u>	<u>(16,800.00)</u>
Transfers In (Out)	<u>135,588.44</u>		<u>135,588.44</u>
Change in net position	9,358.96	109,429.48	118,788.44
Total Net Position - Beginning as previously reported	<u>114,639.76</u>	<u>205,586.24</u>	<u>320,226.00</u>
Prior Period Adjustment for transfer of net book value of assets to General Fund		<u>(132,824.64)</u>	<u>(132,824.64)</u>
Total Net Position - Beginning as Restated	<u>114,639.76</u>	<u>72,761.60</u>	<u>187,401.36</u>
Total Net Position—Ending	<u>123,998.72</u>	<u>182,191.08</u>	<u>306,189.80</u>

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>School Age Child Care</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	762,534.59	389,751.64	1,152,286.23
Receipts / (payments) for interfunds	(142,507.34)	57,224.31	(85,283.03)
Payments to employees	(305,198.83)	(243,363.59)	(548,562.42)
Payments to suppliers	(929,363.39)	(43,001.85)	(972,365.24)
Net cash provided by (used for) operating activities	<u>(614,534.97)</u>	<u>160,610.51</u>	<u>(453,924.46)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	12,200.49		12,200.49
Federal Sources	374,063.38		374,063.38
Operating subsidies	135,588.44		135,588.44
Net cash provided by (used for) non-capital financing activities	<u>521,852.31</u>	<u>-</u>	<u>521,852.31</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(14,294.00)		(14,294.00)
Net cash provided by (used for) capital and related financing activities	<u>(14,294.00)</u>	<u>-</u>	<u>(14,294.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	336.00	876.58	1,212.58
Net cash provided by (used for) investing activities	<u>336.00</u>	<u>876.58</u>	<u>1,212.58</u>
Net increase (decrease) in cash and cash equivalents	(106,640.66)	161,487.09	54,846.43
Balances—beginning of year	<u>141,880.71</u>	<u>309,931.46</u>	<u>451,812.17</u>
Balances—end of year	<u>35,240.05</u>	<u>471,418.55</u>	<u>506,658.60</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(480,084.10)	108,552.90	(371,531.20)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities			
Depreciation	4,935.04	-	4,935.04
(Increase) / decrease in interfund receivable	910.27		910.27
(Increase) / decrease in accounts receivable		(7,780.00)	(7,780.00)
(Increase) / decrease in Prepaid Expenses	2,556.00		2,556.00
(Increase) / decrease in inventories	(5,326.22)		(5,326.22)
Increase / (decrease) in accounts payable	3,715.13	(7,021.95)	(3,306.82)
Increase / (decrease) in encumbrances payable	2,176.52	7,425.25	9,601.77
Increase / (decrease) in interfund payable	(143,417.61)	57,224.31	(86,193.30)
Increase / (decrease) in deferred revenue		2,210.00	2,210.00
Total adjustments	<u>(134,450.87)</u>	<u>52,057.61</u>	<u>(82,393.26)</u>
Net cash provided by (used for) operating activities	<u>(614,534.97)</u>	<u>160,610.51</u>	<u>(453,924.46)</u>

**The accompanying Notes to the Basic Financial Statements are an integral part of this statement.**

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	816,413.34	372,188.55	380,402.93
Interest Receivable on Investments	128.35	-	
Intergovernmental Accounts Receivable - State			32,586.44
Interfund Accounts Receivable: Agency Fund	<u>19,069.21</u>		
Total assets	<u><u>835,610.90</u></u>	<u><u>372,188.55</u></u>	<u><u>412,989.37</u></u>
<b>LIABILITIES</b>			
Payable to State Government	21,185.98		
Interfund accounts payable:			
General Fund			48,730.15
Unemployment Trust			19,069.21
Payable to student groups			342,917.16
Flexible Spending			(840.13)
Payroll deductions and withholdings			<u>3,112.98</u>
Total liabilities	<u><u>21,185.98</u></u>	<u><u>-</u></u>	<u><u>412,989.37</u></u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u><u>814,424.92</u></u>		
Reserved for scholarships		<u><u>372,188.55</u></u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Plan Member Contributions	47,230.43	_____
Total Contributions	47,230.43	_____ - _____
Investment earnings:		
Interest	1,780.82	732.63
Net investment earnings	1,780.82	732.63
Total additions	49,011.25	732.63
<b>DEDUCTIONS</b>		
Unemployment claims	111,725.91	
Scholarships awarded		10,500.00
Total deductions	111,725.91	10,500.00
Change in net position	(62,714.66)	(9,767.37)
Net position—beginning of the year	877,139.58	381,955.92
Net position—end of the year	<u>814,424.92</u>	<u>372,188.55</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Board of Education (“Board”) of the Township of West Milford School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Township of West Milford School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education of the Township of West Milford School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation:**

The Board's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**District-wide Financial Statements:**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund and the School Age Child Care.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, the John Walsh Scholarship Trust Fund, the Vogel Scholarship Trust Fund and the Payroll Agency Fund.

**B. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus: (continued)**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants,

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions, (continued)**

entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Tuition Payable:**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Inventories:**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 29, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Capital Assets (continued):**

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**M. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned revenue:**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Accounting and Financial Reporting for Pensions (continued)**

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Q. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. Fund Balances:** (continued):

- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**R. Net Position:**

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**S. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service and program fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**T. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**U. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, medical and dental benefits and TPAF on-behalf contributions were allocated based on salaries of that program. Changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**V. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**W. Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68". The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**W. Recent Accounting Pronouncements (continued)**

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2015, \$- of the District's bank balance of \$10,948,115.53 was exposed to custodial credit risk.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2015 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$ 764,763.09	\$ 1,330.33	\$766,093.42
Federal Aid	101,161.46	26,109.96	127,271.42
Interfunds	585,629.52	-	48,730.15
Other	<u>121,491.56</u>	<u>7,780.00</u>	<u>129,271.56</u>
Gross Receivables	1,573,045.63	35,220.29	1,071,366.55
Less:			
Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>\$1,573,045.63</u>	<u>\$35,220.29</u>	<u>\$1,071,366.55</u>

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Balance due to/from other funds at June 30, 2015 consist of the following:

Due to the General Fund from the Payroll Agency Account for interest earned on account and to set up Flexible Spending Account.	\$48,730.15
Due to the General Fund from the Food Service Enterprise Fund for Salaries, Health Benefits, Budget amount to Cover the Deficit and State Aid receipts.	51,030.09
Due to the General Fund from the Capital Projects Fund for interest earned, cancellation of projects and cash receipts.	189,585.47
Due to the General Fund from the School Age Child Care Enterprise Fund for salaries and health benefits.	<u>287,372.22</u>
	<u>\$576,717.93</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

Interfund transfers for the year ended June 30, 2015 consisted of the following: \$135,588.44 from the general fund to the enterprise fund to provide resources to fund the food service operations.

**NOTE 6. INTERFUND LOAN RECEIVABLE**

The Special Revenue Account owes the General Fund for a cash advance to cover the expenses made in the Special Revenue Fund not received in cash from the State.

\$8,911.59



**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 7. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$547,952.28
Special Education	39,768.32
Student & Instruction Related Services	75,679.90
School Administration	26,494.61
General Administration	13,984.85
Plant Operations & Maintenance	76,132.24
Pupil Transportation	133,789.42
Central Services & Admin. Info. Tech.	<u>13,984.85</u>
Total Depreciation Expense	<u>\$927,786.47</u>

**NOTE 8. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2015, were as follows:

	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Capital Lease Payable	\$783,945.42	\$330,169.21	\$433,174.18	\$ 680,940.45	\$246,836.70
Compensated Absences	3,739,437.97	-	669,056.48	3,070,381.49	-
Bonds Payable	1,868,000.00	-	480,000.00	1,388,000.00	500,000.00
Net Pension Liability-PERS	24,954,666.00	-	1,589,469.00	23,365,197.00	-
Petroleum UST Remediation Upgrade and Closure Fund Payable	<u>22,792.50</u>	<u>-</u>	<u>4,558.50</u>	<u>18,234.00</u>	<u>4,558.50</u>
	<u>\$31,368,841.89</u>	<u>\$330,169.21</u>	<u>\$3,176,258.16</u>	<u>\$28,522,752.94</u>	<u>\$751,395.20</u>

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)**

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Outstanding Bonds Payable at June 30, 2015 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2015</u>
School Bonds of 2003	7/15/03	2.25-3.30%	9/15/17	\$1,388,000.00

Principal and interest due on serial bonds outstanding is as follow:

<u>Outstanding Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	500,000.00	37,554.00	537,554.00
2017	500,000.00	21,054.00	521,054.00
2018	<u>388,000.00</u>	<u>6,402.00</u>	<u>394,402.00</u>
	<u>1,388,000.00</u>	<u>65,010.00</u>	<u>1,453,010.00</u>

B. Petroleum UST Remediation, Upgrade and Closure Fund Payable:

In March of 2000 and December of 2008, the Board of Education accepted a loan from the New Jersey Economic Development Authority for the remediation, upgrade and/or closure of underground storage tanks. Repayments are to start on April 10, 2002. This is an interest free loan. The details for the remaining years are shown below:

<u>Year Ending June 30,</u>	<u>Principal</u>
2016	\$4,558.50
2017	4,558.50
2018	4,558.50
2019	<u>4,558.50</u>
	\$18,234.00

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2015**

**NOTE 8. LONG-TERM OBLIGATION ACTIVITY (continued)**

C. Capital Leases Payable:

The District is leasing transportation equipment, maintenance equipment and classroom equipment under capital leases. All capital leases are for terms of three to eight years.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$271,222.36
2017	209,290.04
2018	180,021.40
2019	<u>70,627.09</u>
Total Minimum Lease Payments	731,160.89
Less: Amount representing interest	<u>( 50,220.44)</u>
Present Value of net minimum lease	<u><u>\$680,940.45</u></u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$246,836.70
2017	194,140.19
2018	171,711.68
2019	<u>68,251.88</u>
Total	\$680,940.45

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at:

[http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

**Contribution Requirements Fund Based Statements** - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS: (continued)**

first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year	PERS	PERS Retro	DCRP
<u>Ending</u> 6/30/15	\$1,028,799.00	\$23,626.04	\$32,163.48
6/30/14	1,000,425.11	-	24,065.11
6/30/13	1,026,916.00	-	-

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension Contributions	Post-Retirement Medical Contributions	NCGI Premium
<u>Ending</u> 6/30/15	\$1,439,498.00	\$2,449,614.00	\$103,565.00
6/30/14	1,143,625.00	2,040,625.00	100,944.00
6/30/13	1,780,924.00	2,119,727.00	93,701.00

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,150,901.23 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported a liability of \$23,365,197.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.1247958514 percent, which was a decrease of 0.0057749076 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,029,360.00. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$734,727.00	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,392,439.00
Changes in proportion and differences between District contributions and proportionate share of contributions	-	932,318.00
District contributions subsequent to the measurement date	<u>1,096,760.00</u>	<u>-</u>
Total	<u>\$1,831,487.00</u>	<u>\$2,324,757.00</u>

The \$1,096,760.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(27,159.00)
2017	(27,159.00)
2018	(27,159.00)
2019	17,217.00
Thereafter	7,576.00

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS (continued)**

**Additional Information**

Local Group Collective balances at December 31, 2013 and 2014 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective deferred outflows of resources	\$952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	19,111,986,911
District's Proportion	0.1247958514%	0.1305707590%

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS (continued)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bond	1.00%	2.49%
Intermediate Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Markets	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Returns	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS (continued)**

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2014		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>4.39%</u>	<u>5.39%</u>	<u>6.39%</u>
District's proportionate share of the pension liability	\$29,394,840.00	\$23,365,197.00	\$18,302,748.00

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

**Teachers Pensions and Annuity Fund (TPAF)**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2015 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -
State's proportionate share associated with the District	<u>157,238,031.00</u>
	<u>\$157,238,031.00</u>

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS (continued)**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2014, the proportion of the TPAF net pension liability associated with the District was 0.2941957073%.

For the year ended June 30, 2015, the District recognized on-behalf pension expense and revenue of \$8,460,882.00 for contributions provided by the State.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

**Mortality Rates**

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the table on the following page:

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 9. PENSION PLANS (continued)**

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 10. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2014, the State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members.

**NOTE 11. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	Vanguard
Lincoln Investment Planning	Vanguard Retirement Annuity
Metlife	

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 12. RISK MANAGEMENT (continued)**

**Property and Liability Insurance** - The District is currently a member of the Pooled Insurance Program of New Jersey (the “Pool”). The Pool provides their members with General Liability, Auto, Crime, Pollution, Excess Liability, Educators Legal Liability, Public Official Bonds and Student Job Training Insurance. The Pools risk-sharing public entity risk pool is both an insured and self administered group of School Districts established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Pool are elected.

As a member of the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool’s liabilities. However, this Pool has fully reinsured the exposures above all limits subscribed to by its members.

The Pool can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Pool are available at the office of the Pool’s administrator, 44 Bergen Street, P.O. Box 270, Westwood, New Jersey 07675.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

Fiscal Year	Interest Earnings/ District Contributions	Employee Contributions	State of NJ Reimbursement	Balance
2014-2015	\$1,780.82	\$47,203.43	\$111,725.91	\$814,424.92
2013-2014	2,334.87	83,343.20	150,294.86	877,139.58
2012-2013	2,279.55	62,461.43	91,161.10	941,756.37

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 13. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of West Milford Board of Education by inclusion of \$10,000.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unappropriated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A:23A-2.14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$2,489,071.11
Interest earnings	2,894.25
Capital Projects Excess Transferred Back	24,000.00
Deposit - Board resolution	200,000.00
Budgeted withdrawal from Capital Reserve	<u>850,000.00</u>
Ending balance, June 30, 2015	<u>\$1,865,965.36</u>

The balance in the capital reserve account at June 30, 2015, does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve were for use in a DDE approved facilities project, consistent with the District's long-range facilities plan.

**NOTE 14. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Board of Education resolution adopted on June 26, 2012 in the amount of \$500,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 14. MAINTENANCE RESERVE ACCOUNT (continued)**

The activity of the maintenance reserve account for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance, July 1, 2014	\$350,000.00
Budgeted withdrawal from Maintenance Reserve	<u>150,000.00</u>
Ending balance, June 30, 2015	<u>\$200,000.00</u>

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund (Exhibit B-1)** - Of the \$7,916,852.25 General Fund fund balance at June 30, 2015, \$360,026.84 is reserved for encumbrances; \$2,957,314.30 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$2,006,200.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$1,865,965.36 has been reserved in the Capital Reserve Account; \$200,000.00 has been reserved in the Maintenance Reserve Account; \$493,800.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$25,906.85 is reserved as ARRA/SEMI - Designated for Subsequent years expenditures; and \$7,638.90 is unreserved and undesignated.

**Debt Service Fund** - Of the \$3,478.93 Debt Service Fund fund balance at June 30, 2015 of \$3,478.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; and \$.93 is unreserved and undesignated.

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$4,963,514.30 of which \$2,957,314.30 is the result of current year operations.

**NOTE 17. INVENTORY**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$10,068.70
Supplies	<u>3,472.98</u>
	<u>\$13,541.68</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2015**

**NOTE 17. INVENTORY (continued)**

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

**NOTE 18. RETROACTIVE RESTATEMENT DUE TO UPDATED CAPITAL ASSET INVENTORY AND FOR IMPLEMENTATION OF GASB NO. 68:**

During fiscal year 2015, the District re-evaluated its physical inventory of fixed assets. Also, after the Adult School ceased its operation, the assets were transferred to the Governmental activities. In addition, net position for June 30, 2014 was restated in the amount of \$24,954,666.00 to reflect the net pension liability at June 30, 2013 for the Public Employee Retirement System (PERS) as per Governmental Accounting Standards Board ("GASB") number 68. This resulted in the following restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position at June 30, 2014	\$16,888,623.32
Restatement of Capital Assets	(618,874.61)
Transfer of Capital Assets from Adult School	132,824.64
Prior Period Adjustment for Net Pension Liability	<u>24,954,666.00</u>
Net Position at June 30, 2014 - Restated	<u>\$ 8,552,092.65</u>
	<u>Business-Type Activities</u>
Net Position at June 30, 2014	320,226.00
Transfer of Capital Assets to Governmental Activities	<u>(132,824.64)</u>
Net Position at June 30, 2014 - Restated	<u>\$187,401.36</u>

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2015**

**NOTE 19. CONTINGENT LIABILITIES**

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District's Counsel advises us there is one matter for which they have been engaged. The matter remains under investigation.

**NOTE 20: SUBSEQUENT EVENT**

The District has evaluated subsequent events through December 17, 2015, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	53,042,837.00		53,042,837.00	53,042,837.00	-
Tuition - Individuals	40,000.00		40,000.00	30,730.00	(9,270.00)
Tuition From Other LEAS Within the State	190,401.00		190,401.00	208,820.29	18,419.29
Tuition - Other	-		-	107,215.60	107,215.60
Transportation Jointure Fees	45,000.00		45,000.00	34,747.20	(10,252.80)
Interest Income on Operating Accounts	-		-	20,753.68	20,753.68
Interest Earned on Capital Reserve Funds	500.00		500.00	2,894.25	2,394.25
Rents and Royalties	100,000.00		100,000.00	134,298.18	34,298.18
Other Restricted Miscellaneous Revenues	225,000.00		225,000.00	414,550.87	189,550.87
<b>Total - Local Sources</b>	<b>53,643,738.00</b>	<b>-</b>	<b>53,643,738.00</b>	<b>53,996,847.07</b>	<b>353,109.07</b>
State Sources:					
Equalization Aid	10,288,587.00		10,288,587.00	10,288,587.00	-
Categorical Special Education Aid	2,243,826.00		2,243,826.00	2,243,826.00	-
Categorical Security Aid	313,229.00		313,229.00	313,229.00	-
Categorical Transportation Aid	1,658,498.00		1,658,498.00	1,658,498.00	-
Nonpublic School Transportation Aid	-		-	61,014.00	61,014.00
Extraordinary Aid	750,000.00	41,845.00	791,845.00	606,959.00	(184,886.00)
Adjustment Aid	20,389.00		20,389.00	20,389.00	-
PARCC Readiness Aid	36,250.00		36,250.00	36,250.00	-
Per Pupil Growth Aid	36,250.00		36,250.00	36,250.00	-
On-behalf TPAF Pension (non-budgeted)				1,439,498.00	1,439,498.00
On-behalf TPAF NCGI Premium (non-budgeted)				103,565.00	103,565.00
On-behalf TPAF Post Retirement Medical (non-budgeted)				2,449,614.00	2,449,614.00
TPAF Social Security (Reimbursed - Non-Budgeted)				2,150,901.23	2,150,901.23
<b>Total State Sources</b>	<b>15,347,029.00</b>	<b>41,845.00</b>	<b>15,388,874.00</b>	<b>21,408,580.23</b>	<b>6,019,706.23</b>
Federal Sources:					
Medicaid Reimbursement	42,170.00		42,170.00	90,001.27	47,831.27
SEMI - ARRA	-		-	25,906.85	25,906.85
<b>Total Federal Sources</b>	<b>42,170.00</b>	<b>-</b>	<b>42,170.00</b>	<b>115,908.12</b>	<b>73,738.12</b>
<b>Total Revenues</b>	<b>69,032,937.00</b>	<b>41,845.00</b>	<b>69,074,782.00</b>	<b>75,521,335.42</b>	<b>6,446,553.42</b>
<b>EXPENDITURES:</b>					
Current Expense:					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	945,085.08	(83,200.00)	861,885.08	849,320.99	12,564.09
Grades 1-5 - Salaries of Teachers	6,406,026.47	195,873.55	6,601,900.02	6,584,552.67	17,347.35
Grades 6-8 - Salaries of Teachers	4,104,960.59	(136,078.68)	3,968,881.91	3,962,317.66	6,564.25
Grades 9-12 - Salaries of Teachers	6,353,811.43	(35,552.38)	6,318,259.05	6,303,656.27	14,602.78
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	52,110.25	2,205.16	54,315.41	48,220.57	6,094.84
Purchased Professional-Educational Services	30,000.00	(813.15)	29,186.85	29,095.28	91.57
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	576,715.00	31,874.78	608,589.78	608,473.78	116.00
Purchased Professional-Educational Services	28,703.50	(862.20)	27,841.30	22,373.40	5,467.90
Purchased Technical Services	11,800.00	(1,932.00)	9,868.00	5,989.80	3,878.20
Other Purchased Services (400-500 series)	43,874.00	(720.00)	43,154.00	38,635.38	4,518.62
General Supplies	1,479,173.09	57,272.17	1,536,445.26	1,472,726.14	63,719.12
Textbooks	210,647.17	132,303.28	342,950.45	310,878.54	32,071.91
Other Objects	7,025.00	700.00	7,725.00	7,545.00	180.00
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>20,249,931.58</b>	<b>161,070.53</b>	<b>20,411,002.11</b>	<b>20,243,785.48</b>	<b>167,216.63</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	377,050.00	-	377,050.00	368,300.60	8,749.40
Other Salaries for Instruction	172,111.00	23,726.81	195,837.81	195,837.81	-
General Supplies	3,900.00	-	3,900.00	3,092.36	807.64
Textbooks	900.00	-	900.00	390.94	509.06
<b>Total Learning and/or Language Disabilities</b>	<b>553,961.00</b>	<b>23,726.81</b>	<b>577,687.81</b>	<b>567,621.71</b>	<b>10,066.10</b>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	489,760.00	(56,772.55)	432,987.45	406,882.00	26,105.45
Other Salaries for Instruction	194,238.00	(3,757.09)	190,480.91	157,558.00	32,922.91
Purchased Professional-Educational Services	250,000.00	(125,232.00)	124,768.00	106,500.00	18,268.00
General Supplies	11,265.00	10,000.00	21,265.00	16,291.01	4,973.99
Other Objects	1,704.00	(120.00)	1,584.00	801.00	783.00
<b>Total Behavioral Disabilities</b>	<b>946,967.00</b>	<b>(175,881.64)</b>	<b>771,085.36</b>	<b>688,032.01</b>	<b>83,053.35</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	98,242.00	-	98,242.00	71,468.00	26,774.00
Other Salaries for Instruction	272,889.00	(76,218.50)	196,670.50	196,670.50	-
General Supplies	3,000.00	109.95	3,109.95	1,103.40	2,006.55
<b>Total Multiple Disabilities</b>	<b>374,131.00</b>	<b>(76,108.55)</b>	<b>298,022.45</b>	<b>269,241.90</b>	<b>28,780.55</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	3,487,914.02	111,956.78	3,599,870.80	3,599,870.80	-
Other Salaries for Instruction	538,299.00	82,385.46	620,684.46	620,684.46	-
General Supplies	24,601.00	673.55	25,274.55	22,643.80	2,630.75
Textbooks	3,100.00	(650.00)	2,450.00	2,398.39	51.61
Other Objects	1,000.00	-	1,000.00	980.56	19.44
<b>Total Resource Room/Resource Center</b>	<b>4,054,914.02</b>	<b>194,365.79</b>	<b>4,249,279.81</b>	<b>4,246,578.01</b>	<b>2,701.80</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	30,171.00	154,778.97	184,949.97	183,919.00	1,030.97
Other Salaries for Instruction	25,935.00	98,039.03	123,974.03	122,114.94	1,859.09
General Supplies	2,500.00	-	2,500.00	2,463.57	36.43
<b>Total Preschool Disabilities - Part-Time</b>	<b>58,606.00</b>	<b>252,818.00</b>	<b>311,424.00</b>	<b>308,497.51</b>	<b>2,926.49</b>
<b>Preschool Disabilities - Full Time:</b>					
Salaries of Teachers	152,358.00	(152,358.00)	-	-	-
Other Salaries for Instruction	61,827.00	(61,827.00)	-	-	-
<b>Total Preschool Disabilities - Full Time</b>	<b>214,185.00</b>	<b>(214,185.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Home Instruction</b>					
Purchased Professional - Educational Services	10,981.00	29,861.94	40,842.94	40,842.94	-
<b>Total Home Instruction</b>	<b>10,981.00</b>	<b>29,861.94</b>	<b>40,842.94</b>	<b>40,842.94</b>	<b>-</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>6,213,745.02</b>	<b>34,597.35</b>	<b>6,248,342.37</b>	<b>6,120,814.08</b>	<b>127,528.29</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	355,280.00	(111,437.60)	243,842.40	243,842.40	-
General Supplies	2,600.00	(232.17)	2,367.83	2,283.64	84.19
Textbooks	100.00	3.93	103.93	103.93	-
<b>Total Basic Skills/Remedial - Instruction</b>	<b>357,980.00</b>	<b>(111,665.84)</b>	<b>246,314.16</b>	<b>246,229.97</b>	<b>84.19</b>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	93,750.00	-	93,750.00	59,339.01	34,410.99
Other Purchased Services (400-500 series)	600.00	-	600.00	552.27	47.73
General Supplies	1,000.00	(55.00)	945.00	820.89	124.11
Other Objects	130.00	55.00	185.00	184.46	0.54
<b>Total Bilingual Education - Instruction</b>	<b>95,480.00</b>	<b>-</b>	<b>95,480.00</b>	<b>60,896.63</b>	<b>34,583.37</b>
<b>School-Spon. Co/Extra Curr. Actvts. - Instruction</b>					
Salaries	217,999.50	5,455.00	223,454.50	155,681.48	67,773.02
<b>Total School-Spon. Co/Extra Curr. Actvts. - Instruction</b>	<b>217,999.50</b>	<b>5,455.00</b>	<b>223,454.50</b>	<b>155,681.48</b>	<b>67,773.02</b>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	526,713.00	(7,900.00)	518,813.00	493,285.60	25,527.40
Purchased Services (300-500 Series)	156,253.21	6,600.00	162,853.21	105,724.09	57,129.12
Supplies and Materials	77,676.46	(4,959.50)	72,716.96	63,210.74	9,506.22
Other Objects	36,800.00	-	36,800.00	36,276.50	523.50
Transfers to Cover Deficit ( Agency Funds)	-	-	-	-	-
<b>Total School-Sponsored Athletics - Instruction</b>	<b>797,442.67</b>	<b>(6,259.50)</b>	<b>791,183.17</b>	<b>698,496.93</b>	<b>92,686.24</b>
<b>Other Suppl/At-Risk Prog - Instruction</b>					
Salaries of Reading Specialists	408,040.00	-	408,040.00	408,040.00	-
<b>Total Other Suppl/At-Risk - Instruction</b>	<b>408,040.00</b>	<b>-</b>	<b>408,040.00</b>	<b>408,040.00</b>	<b>-</b>
<b>Total Instruction</b>	<b>28,340,618.77</b>	<b>83,197.54</b>	<b>28,423,816.31</b>	<b>27,933,944.57</b>	<b>489,871.74</b>
<b>Undistributed Expenditures - Instruction (Tuition)</b>					
Tuition to Other LEAS Within the State - Regular	-	7,822.20	7,822.20	-	7,822.20
Tuition to Other LEAS Within the State - Special	502,884.87	42,177.80	545,062.67	535,192.34	9,870.33
Tuition to County Voc. School Dist.- Regular	545,858.00	-	545,858.00	545,858.00	-
Tuition to County Voc. School Dist.- Special	112,975.00	10,870.00	123,845.00	123,515.00	330.00
Tuition to CSSD & Reg. Day Schools	81,061.00	(60,870.00)	20,191.00	4,300.00	15,891.00
Tuition to Priv.Sch. for the Disabled W/I State	3,973,211.83	(166,707.00)	3,806,504.83	3,413,695.29	392,809.54
Tuition - State Facilities	31,289.00	33,323.00	64,612.00	64,612.00	-
<b>Total Undistributed Expenditures - Instruction (Tuition)</b>	<b>5,247,279.70</b>	<b>(133,384.00)</b>	<b>5,113,895.70</b>	<b>4,687,172.63</b>	<b>426,723.07</b>
<b>Undist. Expend.-Attendance and Social Work</b>					
Salaries	100,980.00	-	100,980.00	100,980.00	-
	100,980.00	-	100,980.00	100,980.00	-
<b>Undist. Expenditures- Health Services</b>					
Salaries	748,900.00	(35.00)	748,865.00	697,289.19	51,575.81
Purchased Professional and Technical Services	72,985.00	(1,434.53)	71,550.47	40,095.00	31,455.47
Supplies and Materials	18,507.51	18,242.41	36,749.92	32,998.25	3,751.67
<b>Total Undist. Expenditures- Health Services</b>	<b>840,392.51</b>	<b>16,772.88</b>	<b>857,165.39</b>	<b>770,382.44</b>	<b>86,782.95</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Speech, OT, PT and Related SVCS</b>					
Salaries	1,045,407.76	22,314.00	1,067,721.76	1,049,760.76	17,961.00
Purchased Professional - Educational Services	161,492.50	36,124.05	197,616.55	176,916.04	20,700.51
Supplies and Materials	27,986.40	(38.93)	27,947.47	27,096.51	850.96
<b>Total Undist. Expend.-Speech, OT, PT and Related SVCS</b>	<b>1,234,886.66</b>	<b>58,399.12</b>	<b>1,293,285.78</b>	<b>1,253,773.31</b>	<b>39,512.47</b>
<b>Undist. Expenditures - Guidance</b>					
Salaries of Other Professional Staff	923,905.00	(3,373.90)	920,531.10	892,275.64	28,255.46
Salaries of Secretarial and Clerical Assistants	139,293.00	3,373.90	142,666.90	142,666.80	0.10
Purchased Professional - Educational Services	850.00	-	850.00	751.18	98.82
Other Purchased Prof. And Tech. Services	33,395.71	(10,277.00)	23,118.71	22,486.22	632.49
Supplies and Materials	17,983.42	1,349.00	19,332.42	19,022.78	309.64
<b>Total Undist. Expenditures - Guidance</b>	<b>1,115,427.13</b>	<b>(8,928.00)</b>	<b>1,106,499.13</b>	<b>1,077,202.62</b>	<b>29,296.51</b>
<b>Undist. Expenditures -Child Study Teams</b>					
Salaries of Other Professional Staff	1,620,335.00	(54,024.85)	1,566,310.15	1,539,864.15	26,446.00
Salaries of Secretarial and Clerical Assistants	234,762.00	-	234,762.00	234,143.30	618.70
Purchased Professional - Educational Services	21,660.90	-	21,660.90	17,200.00	4,460.90
Misc Pur Serv(400-500 series O/than Resid Costs)	2,020.00	-	2,020.00	2,019.96	0.04
Supplies and Materials	29,556.00	37,125.00	66,681.00	64,414.18	2,266.82
Other Objects	2,680.00	1,120.00	3,800.00	3,185.00	615.00
<b>Total Undist. Expenditures -Child Study Teams</b>	<b>1,911,013.90</b>	<b>(15,779.85)</b>	<b>1,895,234.05</b>	<b>1,860,826.59</b>	<b>34,407.46</b>
<b>Undist. Expend.-Improv. Of Inst. Serv.</b>					
Sal of Supervisor of Instruction	-	898,745.50	898,745.50	898,027.94	-
Sal of other Professional Staff	925,876.00	(925,876.00)	-	-	-
Sal of Secr and Clerical Assist.	2,970.00	(147.00)	2,823.00	-	2,823.00
Other Purch Prof. and Tech. Services	-	35,953.75	35,953.75	32,305.75	3,648.00
Other Purch Services (400-500)	2,200.00	622.65	2,822.65	2,817.15	5.50
Supplies and Materials	1,295.00	(1,295.00)	-	-	-
Other Objects	2,075.00	1,816.99	3,891.99	3,237.65	654.34
<b>Total Undist. Expend.-Improv. Of Inst. Serv.</b>	<b>934,416.00</b>	<b>9,820.89</b>	<b>944,236.89</b>	<b>936,388.49</b>	<b>7,130.84</b>
<b>Undist. Expend.-Edu. Media Serv./Library</b>					
Salaries	641,850.00	130.50	641,980.50	641,850.00	130.50
Supplies and Materials	109,425.40	441.01	109,866.41	108,743.14	1,123.27
Other Objects	355.00	-	355.00	175.00	180.00
<b>Total Undist. Expend.-Edu. Media Serv./Library</b>	<b>751,630.40</b>	<b>571.51</b>	<b>752,201.91</b>	<b>750,768.14</b>	<b>1,433.77</b>
<b>Undist. Expend.-Instr. Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	54,537.00	-	54,537.00	31,660.56	22,876.44
Other Purchased Prof. and Tech. Services	39,900.00	(4,085.00)	35,815.00	35,630.00	185.00
Other Purchased Services (400-500 series)	900.00	-	900.00	517.02	382.98
Supplies and Materials	180.00	-	180.00	-	180.00
Other Objects	59,423.00	(5,512.91)	53,910.09	25,548.77	28,361.32
<b>Total Undist. Expend.-Instr. Staff Training Serv.</b>	<b>154,940.00</b>	<b>(9,597.91)</b>	<b>145,342.09</b>	<b>93,356.35</b>	<b>51,985.74</b>
<b>Undist. Expend.-Support Serv.-Gen. Admin</b>					
Salaries	662,187.00	(46,253.04)	615,933.96	608,829.17	7,104.79
Legal Services	118,750.00	62,380.84	181,130.84	177,130.84	4,000.00
Audit Fees	69,100.00	-	69,100.00	29,600.00	39,500.00
Architectural/Engineering Services	86,412.46	(11,196.59)	75,215.87	58,280.81	16,935.06
Other Purchased Professional Services	9,000.00	12,796.59	21,796.59	17,796.59	4,000.00
Purchased Technical Services	34,420.00	8,273.00	42,693.00	36,343.00	6,350.00
Communications / Telephone	239,494.00	(50,218.84)	189,275.16	148,101.55	41,173.61
BOE Other Purchased Services	5,200.00	960.66	6,160.66	4,668.80	1,491.86
Misc. Purch Serv (400-500) [Other than 530 & 585	41,675.00	-	41,675.00	17,936.92	23,738.08
General Supplies	29,860.00	(7,765.00)	22,095.00	18,462.61	3,632.39
Judgment Against The School District	20,000.00	53,412.00	73,412.00	16,000.00	57,412.00
Miscellaneous Expenditures	34,400.00	(8,388.53)	26,011.47	22,684.88	3,326.59
BOE Membership Dues and Fees	33,050.00	-	33,050.00	26,867.97	6,182.03
<b>Total Undist. Expend.-Support Serv.-Gen. Admin.</b>	<b>1,383,548.46</b>	<b>14,001.09</b>	<b>1,397,549.55</b>	<b>1,182,703.14</b>	<b>214,846.41</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Asst. Principals/Prog. Dir	1,575,497.00	46,421.76	1,621,918.76	1,621,918.76	-
Salaries of Secretarial and Clerical Assistants	912,383.64	(25,168.72)	887,214.92	885,638.88	1,576.04
Purchased Professional and Technical Services	18,784.34	(1,780.63)	17,003.71	13,668.50	3,335.21
Other Purchased Services (400-500 series)	10,590.00	-	10,590.00	10,589.68	0.32
Supplies and Materials	23,819.81	1,473.74	25,293.55	21,208.09	4,085.46
Other Objects	6,139.00	(87.38)	6,051.62	4,943.13	1,108.49
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,547,213.79</b>	<b>20,858.77</b>	<b>2,568,072.56</b>	<b>2,557,967.04</b>	<b>10,105.52</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	472,648.00	5,000.00	477,648.00	474,776.49	2,871.51
Purchased Technical Services	24,500.00	(9,011.00)	15,489.00	15,489.00	-
Misc. Purchased Services (400-500 series) [O/T 594]	900.00	-	900.00	77.59	822.41
Supplies and Materials	12,650.00	-	12,650.00	8,436.45	4,213.55
Miscellaneous Expenditures	6,300.00	-	6,300.00	5,849.32	450.68
<b>Total Undist. Expend. - Central Services</b>	<b>516,998.00</b>	<b>(4,011.00)</b>	<b>512,987.00</b>	<b>504,628.85</b>	<b>8,358.15</b>
<b>Undist. Expend. - Admin. Info. Technology</b>					
Salaries	398,945.00	6,377.75	405,322.75	405,322.75	-
Purchased Technical Services	75,550.00	(6,377.75)	69,172.25	68,623.71	548.54
Other Purchased Services (400-500 series)	3,635.00	(84.00)	3,551.00	2,089.11	1,461.89
Supplies and Materials	23,235.98	8,707.48	31,943.46	31,942.80	0.66
Other Objects	500.00	(107.86)	392.14	-	392.14
<b>Total Undist. Expend. - Admin. Info. Technology</b>	<b>501,865.98</b>	<b>8,515.62</b>	<b>510,381.60</b>	<b>507,978.37</b>	<b>2,403.23</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Required Maint For Sch Fac.</b>					
Salaries	390,435.00	27,370.86	417,805.86	414,430.17	3,375.69
Cleaning, Repair and Maintenance Services	330,219.00	5,300.00	335,519.00	329,236.71	6,282.29
General Supplies	106,390.00	20,000.00	126,390.00	122,326.70	4,063.30
<b>Total Undist. Expend.-Required Maint For Sch Fac.</b>	<b>827,044.00</b>	<b>52,670.86</b>	<b>879,714.86</b>	<b>865,993.58</b>	<b>13,721.28</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	2,432,466.39	(27,370.86)	2,405,095.53	2,364,417.27	40,678.26
Salaries of Non-Instructional Aides	228,166.46	-	228,166.46	219,739.61	8,426.85
Purchased Professional and Technical Services	23,571.63	-	23,571.63	12,626.10	10,945.53
Cleaning, Repair and Maintenance Services	227,148.67	(48,919.60)	178,229.07	154,208.36	24,020.71
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	70,000.00	7,653.88	77,653.88	77,653.88	-
Other Purchased Property Services	119,357.00	(20,806.51)	98,550.49	98,550.49	-
Insurance	693,742.00	(20,521.56)	673,220.44	644,966.24	28,254.20
General Supplies	239,088.78	36,076.44	275,165.22	244,343.81	30,821.41
Energy ( Natural Gas)	507,000.00	(95,850.00)	411,150.00	293,605.83	117,544.17
Energy ( Electricity)	603,600.00	-	603,600.00	558,891.83	44,708.17
Energy (Oil)	11,500.00	-	11,500.00	64,594.68	46,905.32
Other Objects	19,723.00	9,395.19	29,118.19	29,118.19	-
<b>Total Undist. Expend. - Custodial Services</b>	<b>5,275,363.93</b>	<b>(160,343.02)</b>	<b>5,115,020.91</b>	<b>4,762,716.29</b>	<b>352,304.62</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	204,449.00	(40.00)	204,409.00	204,384.72	24.28
General Supplies	4,440.00	3,340.00	7,780.00	7,778.14	-
<b>Total Care and Upkeep of Grounds</b>	<b>208,889.00</b>	<b>3,300.00</b>	<b>212,189.00</b>	<b>212,162.86</b>	<b>26.14</b>
<b>Security</b>					
Salaries	99,952.00	-	99,952.00	96,028.10	3,923.90
Purchased Professional and Technical Services	2,000.00	-	2,000.00	71.74	1,928.26
<b>Total Security</b>	<b>101,952.00</b>	<b>-</b>	<b>101,952.00</b>	<b>96,099.84</b>	<b>5,852.16</b>
<b>Total Undist. Expend.-Oper. And Maint. Of Plant Serv.</b>	<b>6,413,248.93</b>	<b>(104,372.16)</b>	<b>6,308,876.77</b>	<b>5,936,972.57</b>	<b>371,902.34</b>
<b>Undist. Expend.-Student Transportation Serv.</b>					
Salaries of Non-Instructional Aides	22,000.00	-	22,000.00	-	-
Sal. For Pupil Trans(Bet Home & Sch)-Reg	2,030,835.50	(16,812.22)	2,014,023.28	1,690,123.77	323,899.51
Sal. For Pupil Trans(Bet Home & Sch)-Sp Ed	842,484.07	-	842,484.07	469,595.17	372,888.90
Sal. For Pupil Trans(Other than Bet. Home & Sch)	163,959.86	16,812.22	180,772.08	163,829.28	16,942.80
Sal. For Pupil Trans(Bet. H.&S) - NonPublic Sch	39,235.00	-	39,235.00	20,192.20	19,042.80
Management Fee - ESC & CTSA Trans. Program	32,640.00	(8,756.20)	23,883.80	21,935.56	1,948.24
Other Purchased Prof. and Technical Serv.	62,010.00	9,329.20	71,339.20	71,339.20	-
Cleaning, Repair, & Maint. Services	46,300.00	-	46,300.00	28,885.25	17,414.75
Rental Payments - School Buses	-	740.00	740.00	-	740.00
Lease Purchase Payments - School Buses	364,770.21	(18,799.91)	345,970.30	345,970.30	-
Contract Serv. - Aid in Lieu Pymts-NonPub Sch	176,878.00	-	176,878.00	148,904.80	27,973.20
Contr. Serv (Bet. Home and Sch)-Vendors	676,300.00	(40.00)	676,260.00	661,571.36	14,688.64
Contr Serv (Oth. Than Bet Home & Sch)-Vend	22,770.00	6,362.88	29,132.88	29,102.88	30.00
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA	554,863.70	(12,292.97)	542,570.73	423,357.56	119,213.17
Misc. Purchased Services - Transportation	2,726.00	(740.00)	1,986.00	991.70	994.30
Transportation Supplies	561,740.00	(22,776.00)	538,964.00	393,249.25	145,714.75
Other Objects	3,975.00	-	3,975.00	953.75	3,021.25
<b>Total Undist. Expend.-Student Transportation Serv.</b>	<b>5,603,487.34</b>	<b>(46,973.00)</b>	<b>5,556,514.34</b>	<b>4,470,002.03</b>	<b>1,064,512.31</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	885,000.00	76,679.41	961,679.41	961,453.57	225.84
Other Retirement Contributions - PERS	1,171,078.00	(76,679.41)	1,094,398.59	1,084,588.52	9,810.07
Workmen's Compensation	534,452.00	(35,418.24)	499,033.76	494,986.00	174,047.76
Health Benefits	10,383,383.00	(155,100.00)	10,228,283.00	9,526,432.58	701,850.42
Tuition Reimbursement	113,409.99	-	113,409.99	112,966.90	443.09
Other Employee Benefits	271,810.54	171,149.24	442,959.78	438,135.89	4,823.89
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>13,359,133.53</b>	<b>(19,369.00)</b>	<b>13,339,764.53</b>	<b>12,448,563.46</b>	<b>891,201.07</b>
On-behalf TPAF Pension (non-budgeted)	-	-	-	1,439,498.00	(1,439,498.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	103,565.00	(103,565.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	2,449,614.00	(2,449,614.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	2,150,901.23	(2,150,901.23)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,143,578.23</b>	<b>(6,143,578.23)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>13,359,133.53</b>	<b>(19,369.00)</b>	<b>13,339,764.53</b>	<b>18,592,141.69</b>	<b>(5,252,377.16)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>42,616,462.33</b>	<b>(213,475.04)</b>	<b>42,402,987.29</b>	<b>45,283,244.26</b>	<b>(2,902,976.39)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>70,957,081.10</b>	<b>(130,277.50)</b>	<b>70,826,803.60</b>	<b>73,217,188.83</b>	<b>(2,390,385.23)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures - Instruction	88,398.00	13,459.50	101,857.50	97,618.50	4,239.00
Undistributed Expenditures - Support Services - Child Study Team	-	3,720.00	3,720.00	3,720.00	-
Undistributed Expenditures - General Administration	-	10,777.00	10,777.00	-	10,777.00
Undist. Expend. - Required Maint for School Fac.	-	64,119.00	64,119.00	64,119.00	-
Undist. Expend. - Custodial Services	21,472.38	(900.00)	20,572.38	20,313.05	259.33
Undist. Expend. - Care and Upkeep of Grounds	3,000.00	13,685.00	16,685.00	16,085.00	600.00
Undist. Expend. -Security	-	20,289.00	20,289.00	20,288.32	0.68
Undist.Expend.-Student Tans.-Non-Inst. Equip	-	26,103.00	26,103.00	26,103.00	-
School Buses - Special	-	20,870.00	20,870.00	20,870.00	-
<b>Total Equipment</b>	<b>112,870.38</b>	<b>172,122.50</b>	<b>284,992.88</b>	<b>269,116.87</b>	<b>15,876.01</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**Exhibit C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Facilities Acquisition and Const. Serv.</b>					
Construction Services	381,207.28	217,500.00	598,707.28	501,443.28	97,264.00
Assessment for Debt Service on SDA Funding	27,501.00	-	27,501.00	27,501.00	-
<b>Total Facilities Acquisition and Const. Serv.</b>	<u>408,708.28</u>	<u>217,500.00</u>	<u>626,208.28</u>	<u>528,944.28</u>	<u>97,264.00</u>
Assets Acquired Under Capital Leases (non-budgeted)					
School Buses - Regular	-	-	-	330,169.21	(330,169.21)
Total Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,169.21</u>	<u>(330,169.21)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>521,578.66</u>	<u>389,622.50</u>	<u>911,201.16</u>	<u>1,128,230.36</u>	<u>(217,029.20)</u>
Transfer of Funds to Charter Schools	67,920.00	-	67,920.00	33,960.00	33,960.00
<b>TOTAL EXPENDITURES</b>	<u>71,546,579.76</u>	<u>259,345.00</u>	<u>71,805,924.76</u>	<u>74,379,379.19</u>	<u>(2,573,454.43)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,513,642.76)</u>	<u>(217,500.00)</u>	<u>(2,731,142.76)</u>	<u>1,141,956.23</u>	<u>3,873,098.99</u>
<b>Other Financing Sources (Uses):</b>					
Capital Leases (non-budgeted)	-	-	-	330,169.21	330,169.21
Capital Outlay - Transfer to Capital Projects	-	-	-	(670,113.00)	(670,113.00)
Capital Projects - Transfer to Capital Reserve Fund	-	-	-	24,000.00	24,000.00
Capital Reserve - Transfer to Capital Projects Fund	(850,000.00)	-	(850,000.00)	(850,000.00)	-
Transfer to - Enterprise Fund	-	-	-	(135,588.44)	(135,588.44)
<b>Total Other Financing Sources:</b>	<u>(850,000.00)</u>	<u>-</u>	<u>(850,000.00)</u>	<u>(1,301,532.23)</u>	<u>(451,532.23)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(3,363,642.76)</u>	<u>(217,500.00)</u>	<u>(3,581,142.76)</u>	<u>(159,576.00)</u>	<u>3,421,566.76</u>
<b>Fund Balance, July 1</b>	<u>9,518,318.25</u>	<u>-</u>	<u>9,518,318.25</u>	<u>9,518,318.25</u>	<u>-</u>
<b>Fund Balance, June 30</b>	<u>6,154,675.49</u>	<u>(217,500.00)</u>	<u>5,937,175.49</u>	<u>9,358,742.25</u>	<u>3,421,566.76</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for prior year encumbrances	(868,415.76)	-	(868,415.76)	(868,415.76)	-
Budgeted Fund Balance	(2,383,340.00)	-	(2,383,340.00)	835,832.51	3,219,172.51
Budgeted Withdrawal from Capital Reserve	(850,000.00)	-	(850,000.00)	(850,000.00)	-
Budgeted Transfer from Capital Outlay	887,613.00	(217,500.00)	670,113.00	670,113.00	-
Budgeted Transfer from Maintenance Reserve	(150,000.00)	-	(150,000.00)	(150,000.00)	-
Increase in capital reserve:					
Principal	-	-	-	200,000.00	200,000.00
Interest	500.00	-	500.00	2,894.25	2,394.25
	<u>(3,363,642.76)</u>	<u>(217,500.00)</u>	<u>(3,581,142.76)</u>	<u>(159,576.00)</u>	<u>3,421,566.76</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				1,865,965.36	
Maintenance Reserve				200,000.00	
Excess Surplus				2,957,314.30	
Excess Surplus - Designated for Subsequent Year's Expenditures				2,006,200.00	
<b>Assigned Fund Balance:</b>					
Year End Encumbrances				360,026.84	
Designated for Subsequent Year's Expenditures				493,800.00	
Designated ARRA/SEMI for Subsequent Year's Expenditures				25,906.85	
<b>Unassigned Fund Balance</b>				<u>1,449,528.90</u>	
				9,358,742.25	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(1,441,890.00)</u>	
				<u>7,916,852.25</u>	

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		3,804.27	3,804.27	2,368.66	(1,435.61)
Federal Sources	1,342,535.00	72,396.76	1,414,931.76	1,369,953.27	(44,978.49)
<b>Total Revenues</b>	<b>1,342,535.00</b>	<b>76,201.03</b>	<b>1,418,736.03</b>	<b>1,372,321.93</b>	<b>(46,414.10)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	442,535.00	(145,379.43)	297,155.57	286,749.24	10,406.33
Tuition	900,000.00	28,478.00	928,478.00	928,478.00	-
General Supplies		15,349.27	15,349.27	1,068.66	14,280.61
Other Objects		372.00	372.00	372.00	-
<b>Total Instruction</b>	<b>1,342,535.00</b>	<b>(101,180.16)</b>	<b>1,241,354.84</b>	<b>1,216,667.90</b>	<b>24,686.94</b>
<b>Support Services</b>					
Salaries of Secretarial & Clerical Assistants		17,450.00	17,450.00	17,450.00	-
Purchased Professional - Educational Services		14,997.00	14,997.00	9,617.95	5,379.05
Employee Benefits		102,566.60	102,566.60	91,082.91	11,483.69
Travel		3,869.09	3,869.09	3,539.26	329.83
Other Purchased Services		35,329.50	35,329.50	33,710.91	1,618.59
Supplies and Materials		3,169.00	3,169.00	253.00	2,916.00
<b>Total Support Services</b>	<b>-</b>	<b>177,381.19</b>	<b>177,381.19</b>	<b>155,654.03</b>	<b>21,727.16</b>
<b>Total Expenditures</b>	<b>1,342,535.00</b>	<b>76,201.03</b>	<b>1,418,736.03</b>	<b>1,372,321.93</b>	<b>46,414.10</b>
<b>Total Outflows</b>	<b>1,342,535.00</b>	<b>76,201.03</b>	<b>1,418,736.03</b>	<b>1,372,321.93</b>	<b>46,414.10</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**WEST MILFORD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	75,521,335.42	[C-2]	1,372,321.93
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Add: Prior Year Encumbrances		N/A		35,337.51
Less: Current Year Encumbrances		N/A		(1,885.00)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33).				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(1,441,890.00)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		1,431,319.00		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	75,510,764.42	[B-2]	1,405,774.44
 <b>Uses / outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	74,379,379.19	[C-2]	1,372,321.93
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Add: Prior Year Encumbrances		N/A		35,337.51
Less: Current Year Encumbrances		N/A		(1,885.00)
Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds	[B-2]	74,379,379.19	[B-2]	1,405,774.44

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**WEST MILFORD TOWNSHIP SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - PERS**  
*Last 10 Fiscal Years\**

	<b>2015</b>
Districts proportion of the net pension liability (asset)	0.1247985140%
District's proportionate share of the net pension liability (asset)	\$ 23,365,197
District's covered payroll - PERS	\$ 8,721,195
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267.91%
Plan fiduciary net position as a percentage of the total pension liability	52.08%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**WEST MILFORD TOWNSHIP SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
*Last 10 Fiscal Years\**

	<b>2015</b>
Contractually required contribution	\$ 1,028,799.00
Contributions in relation to the contractually required contribution	\$ (1,028,799.00)
Contribution deficiency (excess)	\$ -
District's covered payroll - PERS	\$ 8,721,195
Contributions as a percentage of covered payroll	11.80%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**WEST MILFORD TOWNSHIP SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Share of Net Pension Liability - TPAF**  
*Last 10 Fiscal Years\**

	<b>2015</b>
Districts proportion of the net pension liability (asset)	0.2941957073%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability Associated with the District (asset)	\$ 157,238,031
District's covered payroll - TPAF	\$ 29,048,328
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**WEST MILFORD TOWNSHIP SCHOOL DISTRICT**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the Fiscal Year Ended June 30, 2015**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 5.55% to 5.39%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.63%) to the current measurement date (4.29%), resulting in a change in the discount rate from 4.95% to 4.68%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**OTHER SUPPLEMENTARY INFORMATION**

**WEST MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Brought Forward from (Ex. E-1a)</b>	<b>Title I Part - A Improving Basic Programs</b>	<b>Title I Part - A Improving Basic Programs Carryover</b>	<b>Title II Part -A Teacher/Principal Training &amp; Recruiting</b>	<b>Title II Part -A Teacher/Principal &amp; Recruiting Carryover</b>	<b>Title III Lang. Inst. For Limited English Proficient &amp; Immigrant Students</b>	<b>Race To The Top Phase III ARRA</b>	<b>Total 2015</b>
<b>REVENUES:</b>								
Federal sources	928,478.00	304,909.49	8,743.67	105,484.03	8,386.09	3,580.99	10,371.00	1,369,953.27
Local sources	2,368.66							2,368.66
<b>Total Revenues</b>	<b>930,846.66</b>	<b>304,909.49</b>	<b>8,743.67</b>	<b>105,484.03</b>	<b>8,386.09</b>	<b>3,580.99</b>	<b>10,371.00</b>	<b>1,372,321.93</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	-	209,786.93	7,100.57	64,051.75	2,229.00	3,580.99		286,749.24
Tuition	928,478.00							928,478.00
General supplies	1,068.66							1,068.66
Other Objects	372.00							372.00
<b>Total instruction</b>	<b>929,918.66</b>	<b>209,786.93</b>	<b>7,100.57</b>	<b>64,051.75</b>	<b>2,229.00</b>	<b>3,580.99</b>	<b>-</b>	<b>1,216,667.90</b>
<b>Support Services:</b>								
Salaries of Secretarial & Clerical Assistants	-	17,450.00						17,450.00
Employee benefits	-	68,505.19	543.10	21,864.12	170.50			91,082.91
Purchased professional - Ed. Services	-	1,000.00	1,100.00	6,517.95	1,000.00			9,617.95
Other purchased services	928.00	7,914.37		11,880.04	2,617.50		10,371.00	33,710.91
Travel	-			1,170.17	2,369.09			3,539.26
Supplies and materials	-	253.00						253.00
<b>Total support services</b>	<b>928.00</b>	<b>95,122.56</b>	<b>1,643.10</b>	<b>41,432.28</b>	<b>6,157.09</b>	<b>-</b>	<b>10,371.00</b>	<b>155,654.03</b>
<b>Total Expenditures</b>	<b>930,846.66</b>	<b>304,909.49</b>	<b>8,743.67</b>	<b>105,484.03</b>	<b>8,386.09</b>	<b>3,580.99</b>	<b>10,371.00</b>	<b>1,372,321.93</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**WEST MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>I.D.E.A. Part B</b>			<b>Education Foundation Mini-Grant</b>	<b>Target Field Trip Grant</b>	<b>Target Family Literacy Grant</b>	<b>Total Carried Forward to (Ex. E-1)</b>
	<b>Basic</b>	<b>Preschool</b>	<b>Preschool Carryover</b>				
<b>REVENUES:</b>							
Federal sources	889,986.00	36,502.00	1,990.00				928,478.00
Local sources				672.16	700.00	996.50	2,368.66
<b>Total Revenues</b>	<b>889,986.00</b>	<b>36,502.00</b>	<b>1,990.00</b>	<b>672.16</b>	<b>700.00</b>	<b>996.50</b>	<b>930,846.66</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers							-
Tuition	889,986.00	36,502.00	1,990.00				928,478.00
General supplies				672.16		396.50	1,068.66
Other Objects					372.00		372.00
<b>Total instruction</b>	<b>889,986.00</b>	<b>36,502.00</b>	<b>1,990.00</b>	<b>672.16</b>	<b>372.00</b>	<b>396.50</b>	<b>929,918.66</b>
<b>Support Services:</b>							
Salaries of Secretarial & Clerical Assistants							-
Employee benefits							-
Purchased professional - Ed. Services							-
Other purchased services					328.00	600.00	928.00
Travel							-
Supplies and materials							-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328.00</b>	<b>600.00</b>	<b>928.00</b>
<b>Total Expenditures</b>	<b>889,986.00</b>	<b>36,502.00</b>	<b>1,990.00</b>	<b>672.16</b>	<b>700.00</b>	<b>996.50</b>	<b>930,846.66</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE -BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**REVENUE AND OTHER**

**FINANCING SOURCES:**

State Source - SDA Grant	425,075.00
Transfer from capital outlay	670,113.00
Transfer from capital reserve	850,000.00
 Total Revenues	 1,945,188.00

**EXPENDITURES AND OTHER**

**FINANCING USES:**

Purchased professional and technical services	15,205.35
Construction Services	1,860,851.31
 Total Expenditures	 1,876,056.66

Excess (deficiency) of Revenues Over (under) Expenditures	69,131.34
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**Other Financing Sources ( Uses)**

Operating Transfer Out:	
Cancelled capital projects transferred to Capital Reserve	(24,000.00)

Fund Balance - beginning of year	24,000.00
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Fund Balance - ending	69,131.34
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Recapitulation:

Unrestricted Fund Balance	69,131.34
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Reconciliation to Governmental Funds Statements (GAAP):

SDA Grants Receivable not Recognized on GAAP Basis	(24,324.97)
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Fund Balance per Governmental Funds (GAAP)	44,806.37
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**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOLS-NEW DOORS, WINDOWS, UV'S, GENERATOR AND SECURITY SYSTEM  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources - SDA Grant	91,833.50		91,833.50	1,963,436.00
Transfer from Capital Outlay	100,000.00		100,000.00	100,000.00
Transfer from Capital Reserve	439,000.00		439,000.00	2,777,652.00
	<u>630,833.50</u>		<u>630,833.50</u>	<u>4,841,088.00</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services	43,334.50		43,334.50	946,408.00
Construction Services	563,499.00		563,499.00	3,894,680.00
Cancelled to Capital Reserve		24,000.00	24,000.00	
	<u>606,833.50</u>	<u>24,000.00</u>	<u>630,833.50</u>	<u>4,841,088.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>24,000.00</u>	<u>(24,000.00)</u>	<u>-</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Numbers	Aphsawa	5650-042-09-1004		
	Macopin	5650-055-09-1006		
	Maple Road	5650-060-09-1007		
	Marshall Hill	5650-070-09-1010		
	Paradise Knoll	5650-080-09-1011		
	Upper Greenwood Lake	5650-090-09-1014		
	West Milford High School	5650-040-09-1003		
Grant Date			N/A	
Loans Authorization Date			N/A	
Loans Authorized			N/A	
Loans Issued			N/A	
Original Authorized Costs			4,868,008.00	
Additional Authorized Costs				
Revised Authorized Costs			4,868,008.00	
Percentage Increase (Decrease) over Original Authorized Costs			0.000%	
Percentage of Completion			12.96%	
Original Target Completion Date			6/30/2012	
Revised Target Completion Date			6/30/2013	

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
MARSHALL HILL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Transferred from Capital Outlay		670,113.00	670,113.00	670,113.00
Transferred from Capital Reserve		212,387.00	212,387.00	212,387.00
<b>Total Revenues</b>	<b>-</b>	<b>882,500.00</b>	<b>882,500.00</b>	<b>882,500.00</b>
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Construction Services		882,500.00	882,500.00	882,500.00
<b>Total Expenditures</b>	<b>-</b>	<b>882,500.00</b>	<b>882,500.00</b>	<b>882,500.00</b>
Excess (Deficiency) or Revenues Over (under) Expenditures	-	-	-	-
<b>Additional Project Information:</b>				
Project Numbers		N/A		
Grant Date		N/A		
Loans Authorization Date		N/A		
Loans Authorized		N/A		
Loans Issued		N/A		
Original Authorized Costs		882,500.00		
Additional Authorized Costs		-		
Revised Authorized Costs		882,500.00		
Percentage Increase over Original Authorized Costs		0.00%		
Percentage of Completion		100.00%		
Original Target Completion Date		11/1/14		
Revised Target Completion Date		6/30/15		

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL BOILER REPLACEMENT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Transferred from Capital Reserve		637,613.00	637,613.00	637,613.00
State Sources - SDA Grant		425,075.00	425,075.00	425,075.00
		<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	-	1,062,688.00	1,062,688.00	1,062,688.00
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services		15,205.35	15,205.35	15,205.35
Construction Services		978,351.31	978,351.31	1,047,482.65
		<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	-	993,556.66	993,556.66	1,062,688.00
Excess (Deficiency) or Revenues Over (under) Expenditures	-	<u>69,131.34</u>	<u>69,131.34</u>	<u>                    </u>

**Additional Project Information:**

DOE Project Number	5650-040-14-1001
SDA Project Number	5650-040-14-G2NC
SDA Grant Number	G5-5762
Grant Date	06/20/14
Loans Authorization Date	N/A
Loans Authorized	N/A
Loans Issued	N/A
Original Authorized Costs	1,062,688.00
Additional Authorized Costs	-
Revised Authorized Costs	1,062,688.00
Percentage Increase over Original Authorized Costs	93.49%
Percentage of Completion	93.49%
Original Target Completion Date	
Revised Target Completion Date	

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>PROJECT DESCRIPTION</b>	<b>APPROPRIATION</b>	<b>EXPENDITURES</b>		<b>CANCELLED TO CAPITAL RESERVE</b>	<b>UNEXPENDED BALANCE</b>
		<b>PRIOR YEARS</b>	<b>CURRENT YEAR</b>		
Various Schools-New Doors, Windows, UV's, Genators and Security System	630,833.50	606,833.50		24,000.00	-
Marshall Hill Roof Replacement	882,500.00		882,500.00		-
High School Boiler Replacement	1,062,688.00		993,556.66		69,131.34
	<u>2,576,021.50</u>	<u>606,833.50</u>	<u>1,876,056.66</u>	<u>24,000.00</u>	<u>69,131.34</u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2015**

	<u>Food Service Program</u>	<u>School Age Child Care</u>	<u>Totals</u>
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and cash equivalents	35,240.05	471,418.55	506,658.60
Other accounts receivable		7,780.00	7,780.00
Accounts receivable:			
State	1,330.33		1,330.33
Federal	26,109.96		26,109.96
Inventories	13,541.68		13,541.68
	<u>76,222.02</u>	<u>479,198.55</u>	<u>555,420.57</u>
Noncurrent Assets:			
Capital Assets:			
Equipment	514,783.51	-	514,783.51
Less Accumulated Depreciation	(390,784.79)	-	(390,784.79)
Total Capital Assets (Net of Accumulated Depreciation)	<u>123,998.72</u>	<u>-</u>	<u>123,998.72</u>
Total Assets	<u>200,220.74</u>	<u>479,198.55</u>	<u>679,419.29</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Accounts Payable	23,015.41		23,015.41
Encumbrances Payable	2,176.52	7,425.25	9,601.77
Interfund Payable:			
General Fund	51,030.09	287,372.22	338,402.31
Deferred Revenue			
Tuition Deposit		2,210.00	2,210.00
Total Current Liabilities	<u>76,222.02</u>	<u>297,007.47</u>	<u>373,229.49</u>
Total Liabilities	<u>76,222.02</u>	<u>297,007.47</u>	<u>373,229.49</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	123,998.72		123,998.72
Contributed Capital		38,950.00	38,950.00
Unrestricted		143,241.08	143,241.08
Total Net Position	<u>123,998.72</u>	<u>182,191.08</u>	<u>306,189.80</u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Food Service Program</u>	<u>School Age Child Care</u>	<u>Totals</u>
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales - reimbursable programs:			
School lunch and breakfast program	632,905.51		632,905.51
Daily sales - non-reimbursable programs	128,944.33		128,944.33
Special functions/Miscellaneous	684.75	41.82	726.57
Program Fees		395,279.82	395,279.82
Total operating revenues	<u>762,534.59</u>	<u>395,321.64</u>	<u>1,157,856.23</u>
<b>OPERATING EXPENSES:</b>			
Salaries	305,198.83	243,363.59	548,562.42
Cost of food	478,873.47		478,873.47
Employers share of Social Security	23,334.21		23,334.21
Employee benefits	175,767.10	18,416.21	194,183.31
Purchased professional services	136,782.33	4,253.00	141,035.33
Supplies and materials	31,451.06	19,921.19	51,372.25
Repairs	12,633.15		12,633.15
Purchased Technical Services	2,556.00		2,556.00
Depreciation	4,935.04	-	4,935.04
Management fees	66,869.90		66,869.90
Miscellaneous	4,217.60	814.75	5,032.35
Total operating expenses	<u>1,242,618.69</u>	<u>286,768.74</u>	<u>1,529,387.43</u>
Operating Income (Loss)	<u>(480,084.10)</u>	<u>108,552.90</u>	<u>(371,531.20)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State sources:			
State school lunch program	11,230.25		11,230.25
Federal sources:			
School breakfast program	10,101.98		10,101.98
National school lunch program	267,579.56		267,579.56
Food distribution program	64,606.83		64,606.83
Interest and investment revenue	336.00	876.58	1,212.58
Total non-operating revenues (expenses)	<u>353,854.62</u>	<u>876.58</u>	<u>354,731.20</u>
Income (Loss) Before Contribution & Transfers	<u>(126,229.48)</u>	<u>109,429.48</u>	<u>(16,800.00)</u>
Operating transfer in (out)	<u>135,588.44</u>		<u>135,588.44</u>
Change in Net Position	9,358.96	109,429.48	118,788.44
Total Net Position - Beginning as previously reported	<u>114,639.76</u>	<u>205,586.24</u>	<u>320,226.00</u>
Prior Period Adjustment for transfer of net book value of assets to General Fund		<u>(132,824.64)</u>	<u>(132,824.64)</u>
Total Net Position - Beginning as restated	<u>114,639.76</u>	<u>72,761.60</u>	<u>187,401.36</u>
Total Net Position - Ending	<u>123,998.72</u>	<u>182,191.08</u>	<u>306,189.80</u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Food Service Program	School Age Child Care	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	762,534.59	389,751.64	1,152,286.23
Receipts / (payments) for interfunds	(142,507.34)	57,224.31	(85,283.03)
Payments to employees for services	(305,198.83)	(243,363.59)	(548,562.42)
Payments to suppliers	(929,363.39)	(43,001.85)	(972,365.24)
Net cash provided by (used for) Operating Activities	<u>(614,534.97)</u>	<u>160,610.51</u>	<u>(453,924.46)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	12,200.49		12,200.49
Federal Sources	374,063.38		374,063.38
Operating subsidies	135,588.44		135,588.44
Net cash provided by (used for) non-capital financing activities	<u>521,852.31</u>	<u>-</u>	<u>521,852.31</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of Capital Assets	(14,294.00)		(14,294.00)
Net Cash Provided by ( used for ) Capital and Related Financing Activities	<u>(14,294.00)</u>	<u>-</u>	<u>(14,294.00)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest on cash equivalents	336.00	876.58	1,212.58
Net Cash Provided by (used for) Investing Activities	<u>336.00</u>	<u>876.58</u>	<u>1,212.58</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(106,640.66)	161,487.09	54,846.43
Balances-Beginning of Year	<u>141,880.71</u>	<u>309,931.46</u>	<u>451,812.17</u>
Balances-End of Year	<u><u>35,240.05</u></u>	<u><u>471,418.55</u></u>	<u><u>506,658.60</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	(480,084.10)	108,552.90	(371,531.20)
Adjustments to reconcile operating income (loss) to cash provided (used for) operating activities:			
Depreciation	4,935.04	-	4,935.04
Changes in assets and liabilities:			
(Increase)/decrease in Prepaid Expenses	2,556.00		2,556.00
(Increase)/decrease in interfund receivable	910.27		910.27
(Increase)/decrease in accounts receivable		(7,780.00)	(7,780.00)
(Increase)/decrease in inventory	(5,326.22)		(5,326.22)
Increase/(decrease) in accounts payable	3,715.13	(7,021.95)	(3,306.82)
Increase/(decrease) in encumbrances payable	2,176.52	7,425.25	9,601.77
Increase/(decrease) in interfund payable	(143,417.61)	57,224.31	(86,193.30)
Increase/(decrease) in deferred revenue		2,210.00	2,210.00
Total adjustments	<u>(134,450.87)</u>	<u>52,057.61</u>	<u>(82,393.26)</u>
Net cash provided by (used for) operating activities	<u><u>(614,534.97)</u></u>	<u><u>160,610.51</u></u>	<u><u>(453,924.46)</u></u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	Unemployment Compensation Trust Fund	John Walsh Scholarship	Vogel Scholarship	Agency Fund
<b>ASSETS:</b>				
Cash and cash equivalents	816,413.34	365,388.81	6,799.74	380,402.93
Interest Receivable on Investments	128.35			
Intergovernmental Accounts Receivable - State				32,586.44
Interfund Accounts Receivable - Agency Fund	19,069.21			
<b>TOTAL ASSETS</b>	<b>835,610.90</b>	<b>365,388.81</b>	<b>6,799.74</b>	<b>412,989.37</b>
 <b>LIABILITIES:</b>				
Payable to Student Groups				342,917.16
Payable to State Government	21,185.98			
Payroll Deductions and Withholdings				3,112.98
Flexible Spending				(840.13)
Interfund Accounts Payable:				
Unemployment Account				19,069.21
General Fund				48,730.15
				48,730.15
<b>Total liabilities</b>	<b>21,185.98</b>	<b>-</b>	<b>-</b>	<b>412,989.37</b>
 <b>NET POSITION:</b>				
Held in Trust for unemployment Claims and Other Purposes	<b>814,424.92</b>			
Reserved for Other Purposes		<b>365,388.81</b>	<b>6,799.74</b>	

**WEST MILFORD BOARD OF EDUCATION  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Unemployment Compensation Trust Fund</b>	<b>John Walsh Scholarship</b>	<b>Edward Vogel Scholarship</b>
<b>OPERATING REVENUES:</b>			
Local sources:			
Interest on Investments	1,780.82	731.92	0.71
Contributions	47,230.43		
Total operating revenues	<u>49,011.25</u>	<u>731.92</u>	<u>0.71</u>
<b>OPERATING EXPENSES:</b>			
Scholarships		10,000.00	500.00
Unemployment Claims	111,725.91		
Total operating expenses	<u>111,725.91</u>	<u>10,000.00</u>	<u>500.00</u>
OPERATING INCOME (LOSS)	(62,714.66)	(9,268.08)	(499.29)
Net Position, July 1	<u>877,139.58</u>	<u>374,656.89</u>	<u>7,299.03</u>
Net Position, June 30	<u><u>814,424.92</u></u>	<u><u>365,388.81</u></u>	<u><u>6,799.74</u></u>

**WEST MILFORD BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2015</u>
<b>ELEMENTARY SCHOOLS:</b>				
Aphsawa	9,061.68	10,919.68	10,234.61	9,746.75
Maple Road	2,481.99	4,895.88	5,121.18	2,256.69
Marshall Hill	8,926.13	10,934.46	7,989.54	11,871.05
Paradise Knoll	1,620.22	11,073.76	9,955.66	2,738.32
Upper Greenwood Lake	1,257.28	12,912.54	12,499.62	1,670.20
Westbrook	2,008.90	11,550.85	11,379.23	2,180.52
<b>MIDDLE SCHOOL:</b>				
Macopin Middle School	115,973.37	374,977.12	397,498.34	93,452.15
<b>SENIOR HIGH SCHOOL:</b>				
West Milford Athletics	68,644.78	99,184.78	91,147.11	76,682.45
West Milford High School	130,838.55	308,951.63	297,791.14	141,999.04
<b>OTHER STUDENT ACTIVITY ACCOUNTS:</b>				
Learning Unlimited	<u>273.99</u>	<u>2,094.00</u>	<u>2,048.00</u>	<u>319.99</u>
	<u>341,086.89</u>	<u>847,494.70</u>	<u>845,664.43</u>	<u>342,917.16</u>

**WEST MILFORD BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Assets:				
Cash and Cash Equivalents	79,497.33	47,395,208.07	47,437,219.63	37,485.77
Intergovernment Accounts Receivable:				
State		32,586.44		32,586.44
Total Assets	<u>79,497.33</u>	<u>47,427,794.51</u>	<u>47,437,219.63</u>	<u>70,072.21</u>
Net Payroll	-	26,157,770.15	26,157,770.15	-
Payroll Deductions and				
Withholdings	49,524.73	21,116,948.29	21,163,360.04	3,112.98
Flexible Spending Account	(3,638.69)	24,858.56	22,060.00	(840.13)
Interfund Accounts Payable				
General Fund	15,693.03	35,294.37	2,257.25	48,730.15
Unemployment Account	17,918.26	92,923.14	91,772.19	19,069.21
	<u>79,497.33</u>	<u>47,427,794.51</u>	<u>47,437,219.63</u>	<u>70,072.21</u>

**WEST MILFORD BOARD OF EDUCATION  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Retired	Balance June 30, 2015
			Date	Amount				
School Bonds of 2003	07/15/03	4,463,000	09/15/15	500,000.00	3.30%			
			09/15/16	500,000.00	3.30%			
			09/15/17	388,000.00	3.30%			
						<u>1,868,000.00</u>	<u>480,000.00</u>	<u>1,388,000.00</u>

**WEST MILFORD BOARD OF EDUCATION  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
SCHEDULE OF PUBLIC SCHOOL FACILITIES LOAN ASSISTANCE PROGRAM  
JUNE 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Balance July 1, 2014	Retired	Balance June 30, 2015
			Date	Amount			
NJ Economic Authority Underground Storage Tank Loan # LO4215	12/1/2008	45,585.00	12/01/15-12/01/18	4,558.50	<u>22,792.50</u>	<u>4,558.50</u>	<u>18,234.00</u>

**WEST MILFORD BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SERIES	Interest Rate Payables	Amount of Original Issue	Amount Outstanding on July 1, 2014	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2015
Cafeteria Mailing Machine	3.310%	22,590.00	4,682.56		4,682.56	-
4 - 2011 54 Passenger Buses	3.310%	330,172.00	68,406.77		68,406.77	-
2 - 2010 Dodge Caravans	3.310%	47,238.00	9,787.79		9,787.79	-
5 - 2013 54 Passenger Busses	3.900%	404,092.40	101,795.05		101,795.05	-
2012 International Dump Truck	5.500%	114,201.00	45,934.46		22,301.97	23,632.49
29 Digital Copiers	N/A	199,087.42	91,475.92		41,176.23	50,299.69
2 - 2012 Ford F-450 Trucks	4.900%	100,500.00	59,487.59		18,849.01	40,638.58
6 - 2014 - 54 Passenger School Buses	3.200%	511,769.64	402,375.28		95,547.71	306,827.57
5 - 2015 - School Buses (3-54 Pass., 2-24 Pass.)	3.900%	330,169.21		330,169.21	70,627.09	259,542.12
<b>TOTAL</b>			<u>783,945.42</u>	<u>330,169.21</u>	<u>433,174.18</u>	<u>680,940.45</u>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>				
Local sources:				
Local tax levy	497,390.00	497,390.00	497,390.00	-
Total revenues - local sources	<u>497,390.00</u>	<u>497,390.00</u>	<u>497,390.00</u>	<u>-</u>
State sources:				
Debt service aid type II	893.00	893.00	893.00	-
Total state sources	<u>893.00</u>	<u>893.00</u>	<u>893.00</u>	<u>-</u>
<b>Total Revenues</b>	<u>498,283.00</u>	<u>498,283.00</u>	<u>498,283.00</u>	<u>-</u>
<b>EXPENDITURES</b>				
Regular debt service:				
Interest	53,724.00	53,724.00	53,724.00	-
Redemption of principal	484,559.00	484,559.00	484,558.50	0.50
Total regular debt service	<u>538,283.00</u>	<u>538,283.00</u>	<u>538,282.50</u>	<u>0.50</u>
<b>Total Expenditures</b>	<u>538,283.00</u>	<u>538,283.00</u>	<u>538,282.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000.00)	(40,000.00)	(39,999.50)	0.50
Fund Balances, July 1	43,478.43	43,478.43	43,478.43	
Fund Balances, June 30	<u>3,478.43</u>	<u>3,478.43</u>	<u>3,478.93</u>	<u>0.50</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>				
Budgeted Fund Balance	<u>40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ 39,998.85</u>	<u>\$ 0.50</u>
<b>Recapitulation:</b>				
<b>Assigned Fund Balance:</b>				
Designated for Subsequent Year's Expenditures			3,478.00	
<b>Unassigned Fund Balance</b>			<u>0.93</u>	
			<u>3,478.93</u>	

**STATISTICAL SECTION**

## **OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)**

Exhibit #

### **Financial Trends Information/Schedules**

J-1	Net Position by Component
J-2	Changes in Net Position
J-3	Fund Balances-Governmental Funds
J-4	Changes in Fund Balances. Governmental Funds
J-5	General Fund Other Local Revenue by Source

### **Revenue Capacity Information**

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

### **Debt Capacity Information**

J-10	Ratios or Outstanding Debt by Type
J-11	Ratios of General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt
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### **Demographic and Economic Information**

J-14	Demographic and Economic Statistics
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### **Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

WEST MILFORD BOARD OF EDUCATION

Net Assets/Net Position\*by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	11,024,850	10,949,290	9,176,136	8,795,665	8,902,363	10,125,208	10,738,769	11,157,970	12,491,734	14,625,039
Restricted	811,257	658,452	1,490,121	2,038,403	1,997,474	3,188,664	5,053,261	7,995,387	8,164,505	7,957,499
Unrestricted	(1,981,459)	(2,633,966)	(2,878,590)	(4,046,037)	(3,499,861)	(3,647,211)	(3,180,197)	(3,584,990)	(3,767,616)	(28,031,456)
<b>Total governmental activities net position</b>	<u>9,854,648</u>	<u>8,973,776</u>	<u>7,787,666</u>	<u>6,788,031</u>	<u>7,399,976</u>	<u>9,666,662</u>	<u>12,611,832</u>	<u>15,568,367</u>	<u>16,888,623</u>	<u>(5,448,918)</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	452,530	423,999	395,468	366,937	338,406	309,875	298,436	298,436	247,464	123,999
Restricted	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	48,552
Unrestricted	125,485	155,797	118,047	46,859	5,665	(53,859)	(119,973)	(90,952)	33,812	143,241
<b>Total business-type activities net position</b>	<u>616,965</u>	<u>618,746</u>	<u>552,465</u>	<u>452,745</u>	<u>383,021</u>	<u>294,965</u>	<u>217,412</u>	<u>246,434</u>	<u>320,226</u>	<u>315,792</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	11,477,380	11,373,289	9,571,604	9,162,602	9,240,769	10,435,083	11,037,205	11,456,405	12,739,198	14,749,038
Restricted	850,207	697,402	1,529,071	2,077,353	2,036,424	3,227,614	5,092,211	8,034,337	8,203,455	8,006,050
Unrestricted	(1,855,974)	(2,478,169)	(2,760,543)	(3,999,178)	(3,494,196)	(3,701,070)	(3,300,171)	(3,675,942)	(3,733,804)	(27,888,215)
<b>Total district net position</b>	<u>10,471,612</u>	<u>9,592,522</u>	<u>8,340,131</u>	<u>7,240,776</u>	<u>7,782,997</u>	<u>9,961,627</u>	<u>12,829,245</u>	<u>15,814,800</u>	<u>17,208,849</u>	<u>(5,133,127)</u>

Source: CAFR Schedule A-1

\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WEST MILFORD BOARD OF EDUCATION

Changes in Net Assets/Net Position\*, Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	28,642,293	30,071,478	30,163,185	29,516,709	28,309,740	27,864,663	28,465,802	29,091,197	30,060,451	33,688,879
Special education	7,007,112	8,282,618	8,948,132	8,944,668	8,866,736	8,666,728	9,217,726	9,232,990	9,811,680	10,880,659
Other special education	742,552	705,029	728,267	726,528	702,040	380,544	207,229	312,632	375,189	307,127
Other instruction	706,558	748,479	746,874	779,251	1,208,269	1,218,450	1,249,692	1,202,128	1,188,725	1,262,218
Support Services:										
Tuition	2,411,418	2,902,993	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967	5,077,971	4,606,754	4,687,173
Student & instruction related services	7,312,836	7,784,347	8,321,687	8,255,422	8,622,575	8,506,512	8,275,763	8,434,225	8,762,336	9,566,003
General administrative services	1,252,948	1,227,474	1,279,089	1,286,359	1,333,057	1,394,335	1,460,440	1,474,288	1,579,493	1,564,216
School administrative services	3,250,453	3,314,535	3,559,923	3,557,762	3,715,249	3,718,570	3,680,436	3,553,425	3,614,528	4,174,086
Central Services and Admin. Info. Tech.	1,087,743	1,155,707	1,185,059	1,189,371	1,224,589	1,279,707	1,315,933	1,359,028	1,331,554	1,548,677
Plant operations and maintenance	6,049,062	6,486,398	7,028,292	6,926,124	6,987,060	6,734,278	6,749,522	6,877,873	7,153,738	7,936,484
Pupil transportation	4,868,472	5,207,082	5,353,062	5,349,136	5,272,089	5,238,761	5,533,660	5,433,960	5,452,455	5,751,379
Charter Schools	13,706	14,706	14,632						31,679	33,960
Interest on Long term debt	179,102	160,608	149,214	132,764	123,634	105,318	94,337	80,093	64,698	49,060
Capital Outlay - Non-depreciable						19,610	11,889	16,678	27,501	27,501
Unallocated Benefits	48,112	45,662	1,352,044	(3,695)	56,662	622,847	300,873			17,208
Total governmental activities expenses	63,572,368	68,107,117	71,957,367	70,248,537	70,480,639	69,199,652	71,080,269	72,146,488	74,060,781	81,494,628
Business-type activities:										
Food service	1,357,425	1,356,971	1,393,714	1,387,683	1,272,593	1,262,573	1,330,478	1,339,026	1,261,766	1,233,017
School Aged Child Care	576,791	565,407	570,212	569,673	552,112	541,640	518,337	395,816	238,844	286,769
Total business-type activities expense	1,934,216	1,922,377	1,963,926	1,957,356	1,824,704	1,804,213	1,848,815	1,734,842	1,500,610	1,519,786
Total district expenses	65,506,584	70,029,494	73,921,293	72,205,893	72,305,343	71,003,864	72,929,083	73,881,330	75,561,391	83,014,414
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	359,505	261,506	200,630	240,881	408,801	309,027	385,869	98,189	144,926	346,766
Support Services ( Student & Inst. Related services)										
Support Services (General Admin. Services)										
Plant operations and maintenance	24,525	59,345	60,912	82,327						
Pupil transportation	13,487	74,253	68,191	76,942				62,868	19,406	34,747
Operating grants and contributions	1,621,517	1,537,227	1,791,396	1,568,499	1,816,634	2,317,854	1,649,917	1,578,803	1,466,993	1,405,774
Capital grants and contributions	9,703	12,520	84,081	86,500		126,156	40,504			
Total governmental activities program revenues	2,028,737	1,944,852	2,205,211	2,055,150	2,225,435	2,753,037	2,076,290	1,739,860	1,631,325	1,787,288
Business-type activities:										
Charges for services										
Food service	1,107,862	1,051,728	1,066,716	1,044,001	961,768	888,069	919,117	805,601	787,385	762,535
Adult Community School	621,812	633,100	566,618	560,139	486,903	481,414	441,759	439,791	324,504	395,322
Operating grants and contributions	249,078	217,437	244,383	235,765	255,781	246,204	280,669	296,511	339,714	353,519
Total business type activities program revenues	1,978,752	1,902,265	1,877,718	1,839,905	1,704,452	1,615,688	1,641,545	1,541,903	1,451,603	1,511,375
Total district program revenues	4,007,489	3,847,116	4,082,929	3,895,055	3,929,888	4,368,725	3,717,835	3,281,763	3,082,928	3,298,662

**WEST MILFORD BOARD OF EDUCATION**  
**Changes in Net Assets/Net Position\*, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expense)/Revenue</b>										
Governmental activities	(61,543,630)	(66,162,265)	(69,752,156)	(68,193,387)	(68,255,203)	(66,446,615)	(69,003,979)	70,406,628	72,429,457	79,707,341
Business-type activities	44,536	(20,113)	(86,208)	(117,451)	(120,252)	(188,525)	(207,270)	192,939	49,007	8,411
Total district-wide net expense	<u>(61,499,094)</u>	<u>(66,182,378)</u>	<u>(69,838,364)</u>	<u>(68,310,838)</u>	<u>(68,375,456)</u>	<u>(66,635,140)</u>	<u>(69,211,248)</u>	<u>70,599,567</u>	<u>72,478,464</u>	<u>79,715,751</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	40,697,586	42,868,997	44,904,812	45,830,611	47,613,275	49,379,479	50,367,069	51,252,781	52,002,781	53,042,837
Taxes levied for debt service	516,080	476,080	461,728	400,118	539,427	529,103	516,668	472,983	493,553	497,390
Unrestricted grants and contributions	19,740,356	21,889,428	22,422,612	20,442,256	20,260,882	18,357,737	20,819,342	21,354,201	20,949,646	28,431,736
Restricted State Aid	84,119	83,076	59,332	9,644	215,305	307,846	11,305	4,809	4,771	893
Miscellaneous income	334,267	255,030	718,526	523,110	283,261	234,283	362,856	499,600	416,011	973,247
Transfers	(37,880)		(964)	(11,988)	(45,000)	(95,148)	(128,091)	(221,211)	(117,049)	(135,588)
Total governmental activities	<u>61,334,528</u>	<u>65,572,611</u>	<u>68,566,047</u>	<u>67,193,752</u>	<u>68,867,149</u>	<u>68,713,300</u>	<u>71,949,149</u>	<u>73,363,163</u>	<u>73,749,713</u>	<u>82,810,515</u>
Business-type activities:										
Investment earnings	22,022	21,894	19,927	5,744	5,528	5,322	1,626	750	830	1,213
Transfers	37,880			11,988	45,000	95,148	128,091	221,211	117,049	135,588
Miscellaneous income									4,921	
Total business-type activities	<u>59,902</u>	<u>21,894</u>	<u>19,927</u>	<u>17,732</u>	<u>50,528</u>	<u>100,470</u>	<u>129,717</u>	<u>221,961</u>	<u>122,800</u>	<u>136,801</u>
Total district-wide	<u>61,394,430</u>	<u>65,594,505</u>	<u>68,585,973</u>	<u>67,211,483</u>	<u>68,917,677</u>	<u>68,813,769</u>	<u>72,078,866</u>	<u>73,585,124</u>	<u>73,872,513</u>	<u>82,947,316</u>
<b>Change in Net Position</b>										
Governmental activities	(209,102)	(589,654)	(1,186,109)	(999,636)	611,946	2,266,685	2,945,171	2,956,535	1,320,256	3,103,174
Business-type activities	104,438	1,782	(66,281)	(99,719)	(69,724)	(88,055)	(77,553)	29,022	73,793	128,390
Total district	<u>(104,664)</u>	<u>(587,873)</u>	<u>(1,252,391)</u>	<u>(1,099,355)</u>	<u>542,221</u>	<u>2,178,630</u>	<u>2,867,618</u>	<u>2,985,557</u>	<u>1,394,049</u>	<u>3,231,565</u>

Source: CAFR Schedule A-2

\* GASB Statement No. 63 became effective for the Fiscal Year Ended June 30, 2013 which changed Net Assets to Net Position.

WEST MILFORD BOARD OF EDUCATION

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	313,505	499,425	1,356,615	1,864,727	1,792,611					
Unreserved	1,582,841	1,312,176	974,455	(73,481)	415,586					
Restricted						1,811,336	4,886,360	6,449,112	7,228,611	7,029,480
Assigned						1,148,511	379,385	1,429,374	868,416	879,734
Unassigned						(15,822)	93,389	(120,308)	(10,028)	7,639
Total general fund	<u>1,896,345</u>	<u>1,811,601</u>	<u>2,331,070</u>	<u>1,791,246</u>	<u>2,208,197</u>	<u>2,944,025</u>	<u>5,359,134</u>	<u>7,758,178</u>	<u>8,086,999</u>	<u>7,916,852</u>
All Other Governmental Funds										
Unreserved, reported in:										
Capital projects fund	320,740	25,522		40,168	71,350	95,350	33,424	213,102	213,115	44,806
Debt service fund	177,012	133,504	133,506	133,507	133,514	133,477	133,477	83,477	43,478	3,479
Total all other governmental funds	<u>497,752</u>	<u>159,026</u>	<u>133,506</u>	<u>173,675</u>	<u>204,864</u>	<u>228,827</u>	<u>166,901</u>	<u>296,579</u>	<u>256,593</u>	<u>48,285</u>

Source: CAFR Schedule B-1

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Tax levy	\$ 41,213,666	\$ 43,345,077	\$ 45,366,540	\$ 46,230,729	\$ 48,152,702
Tuition charges	359,505	261,506	200,630	240,881	408,801
Miscellaneous	303,714	388,628	867,629	693,166	291,106
State sources	20,020,348	22,083,947	22,587,474	20,573,182	18,437,155
Federal sources	1,494,210	1,425,784	1,665,867	1,482,017	3,847,820
Total revenue	<u>63,391,443</u>	<u>67,504,942</u>	<u>70,688,140</u>	<u>69,219,974</u>	<u>71,137,585</u>
<b>Expenditures</b>					
Instruction					
Regular Instruction	20,863,410	20,750,689	20,615,167	20,795,687	20,347,000
Special education instruction	4,720,214	5,280,922	5,636,187	5,828,684	5,723,652
Other special instruction	742,552	705,029	728,267	726,528	702,040
Other instruction	706,558	748,479	746,874	779,251	1,208,269
Support Services:					
Tuition	2,411,418	2,902,993	3,127,907	3,588,139	4,058,939
Student & instruction related services	5,923,469	6,096,544	6,479,688	6,584,963	6,902,795
General administrative services	1,020,924	960,304	997,914	1,062,968	1,108,044
School Administrative services	2,376,914	2,302,125	2,448,583	2,518,888	2,627,667
Central Services	794,960	817,532	807,170	853,317	876,929
Business administrative services					
Plant operations and maintenance	5,076,643	5,297,699	5,715,129	5,706,855	5,699,575
Pupil transportation	4,070,019	4,136,330	4,415,864	4,522,632	4,533,433
Unallocated employee benefits	13,670,144	16,637,182	17,620,127	16,135,861	15,901,286
Charter Schools	13,706	14,706	14,632		
Capital outlay	883,316	1,013,995	715,163	1,124,107	405,802
Debt Service:					
Principal	385,908	436,375	371,860	272,373	422,453
Interest and Other Charges	184,162	166,289	149,198	137,387	126,560
Total expenditures	<u>63,844,317</u>	<u>68,267,194</u>	<u>70,589,732</u>	<u>70,637,640</u>	<u>70,644,446</u>
Excess (Deficiency) of revenues over (under) expenditures	(452,874)	(762,252)	98,408	(1,417,666)	493,139
<b>Other Financing sources (uses)</b>					
Capital leases (non-budgeted)	483,666	630,000	396,504	930,000	
Bond proceeds					
Transfers in	240,000				150,000
Transfers out	(277,880)		(964)	(11,988)	(195,000)
Total other financing sources (uses)	<u>445,786</u>	<u>630,000</u>	<u>395,540</u>	<u>918,012</u>	<u>(45,000)</u>
Net change in fund balances	<u>\$ (7,088)</u>	<u>\$ (132,252)</u>	<u>\$ 493,948</u>	<u>\$ (499,654)</u>	<u>\$ 448,139</u>
Debt service as a percentage of noncapital expenditures	0.905%	0.896%	0.746%	0.589%	0.782%

Source: District Records, B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Tax levy	\$ 49,908,582	\$ 50,883,737	\$ 51,725,764	52,496,334	53,540,227
Tuition charges	255,472	385,869	98,189	144,926	346,766
Miscellaneous	299,489	372,057	597,352	448,735	610,068
State sources	18,543,693	20,306,624	21,278,620	20,886,222	21,799,652
Federal sources	2,428,092	2,164,739	1,624,309	1,521,870	1,518,859
Total revenue	<u>71,435,328</u>	<u>74,113,026</u>	<u>75,324,234</u>	<u>75,498,087</u>	<u>77,815,572</u>
<b>Expenditures</b>					
Instruction					
Regular Instruction	19,699,743	19,555,480	19,786,858	21,423,864	21,463,410
Special education instruction	5,497,356	5,800,049	5,766,819	6,416,302	6,120,814
Other special instruction	380,544	207,229	312,632	375,190	307,127
Other instruction	1,218,450	1,249,692	1,202,128	1,188,725	1,262,218
Support Services:					
Tuition	3,449,330	4,516,967	5,077,971	4,606,754	4,687,173
Student & instruction related services	6,836,582	6,569,916	6,612,463	6,994,280	7,029,828
General administrative services	1,168,446	1,212,227	1,222,241	1,309,895	1,182,703
School Administrative services	2,613,394	2,487,571	2,448,554	2,537,685	2,557,967
Central Services	920,894	927,077	967,380	951,232	1,012,607
Business administrative services					
Plant operations and maintenance	5,456,611	5,348,346	5,462,355	5,755,279	5,936,973
Pupil transportation	4,474,641	4,702,925	4,579,307	4,584,600	4,470,002
Unallocated employee benefits	16,782,270	17,744,396	18,248,736	17,462,024	18,592,142
Charter Schools				31,679	33,960
Capital outlay	1,947,214	1,812,231	639,243	1,437,578	3,004,287
Debt Service:					
Principal	422,000	422,591	443,227	468,895	484,559
Interest and Other Charges	112,923	98,925	84,565	69,428	53,724
Total expenditures	<u>70,980,399</u>	<u>72,655,622</u>	<u>72,854,479</u>	<u>75,613,410</u>	<u>78,199,493</u>
Excess (Deficiency) of revenues over (under) expenditures	454,929	1,457,405	2,469,755	(115,323)	(383,921)
<b>Other Financing sources (uses)</b>					
Capital leases (non-budgeted)	400,000	1,023,880	100,500	511,770	330,169
Bond proceeds					
Transfers in	1,044,420	33,160			1,544,113
Transfers out	(1,139,567)	(161,250)	(221,211)	(117,049)	(1,679,701)
Total other financing sources (uses)	<u>304,852</u>	<u>895,789</u>	<u>(120,711)</u>	<u>394,721</u>	<u>194,581</u>
Net change in fund balances	<u>\$ 759,782</u>	<u>\$ 2,353,194</u>	<u>2,349,044</u>	<u>279,398</u>	<u>(189,340)</u>
Debt service as a percentage of noncapital expenditures	0.775%	0.736%	0.731%	0.726%	0.716%

**WEST MILFORD BOARD OF EDUCATION**  
**General Fund - Other Local Revenue by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Rentals	Tuition	Refunds	Transportation	Misc.	Total
2006	171,127	24,525			13,487	94,575	303,714
2007	207,831	59,345			74,253	47,199	388,628
2008	232,660	60,912			68,191	414,850	776,614
2009	133,421	82,327			76,942	306,155	598,846
2010	63,809	77,899			71,826	63,501	277,035
2011	60,499	81,719			53,556	92,064	287,838
2012	46,986	88,709				224,197	359,891
2013	19,159	109,034			62,868	307,527	498,588
2014	18,279	147,723	144,926		18,142	247,066	576,136
2015	20,754	134,298	346,766		34,747	414,551	951,116

Source: District Records

**WEST MILFORD BOARD OF EDUCATION**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	56,186,200	1,302,757,100	24,526,200	706,700	86,010,500	10,267,800	798,900	1,481,253,400		6,353,032	1,487,606,432	2.650	2,876,529,429
2006	54,309,100	1,313,342,600	25,550,300	690,400	88,664,800	10,267,800	550,000	1,493,375,000		5,581,607	1,498,956,607	2.750	3,240,045,212
2007	53,119,700	1,325,390,400	25,342,100	680,400	89,266,900	10,267,800	550,000	1,504,617,300		4,906,228	1,509,523,528	2.870	3,616,264,649
2008	52,613,700	1,329,724,000	27,901,100	648,700	90,219,000	9,966,200	550,000	1,511,622,700		4,217,482	1,515,840,182	3.051	3,808,167,208
2009	50,170,500	1,338,144,200	27,339,200	627,200	87,695,100	9,632,400	550,000	1,514,158,600		4,206,117	1,518,364,717	3.171	3,861,659,428
2010	49,109,000	1,319,511,100	28,708,100	614,700	87,182,100	9,662,900	550,000	1,495,337,900		4,044,415	1,499,382,315	3.329	3,677,260,684
2011	48,452,100	1,315,875,500	26,443,500	602,800	87,243,300	9,704,500	550,000	1,488,871,700		3,915,095	1,492,786,795	3.409	3,433,239,806
2012	59,623,200	2,438,581,300	46,780,300	637,900	213,512,900	21,006,400	1,863,100	2,782,005,100		1,854,099	2,783,859,199	1.859	3,039,933,537
2013	81,400,000	2,424,966,800	49,039,000	649,300	208,093,500	18,993,600	1,863,100	2,785,005,300		1,648,987	2,786,654,287	1.884	3,103,608,706
2014	58,415,600	2,408,541,400	47,275,700	602,100	206,092,900	43,988,000	1,643,600	2,766,559,300			2,766,559,300	1.935	2,903,914,654

Source: Passaic County, Abstract of Ratables & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order reassessment.

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100 of assessed value

**WEST MILFORD BOARD OF EDUCATION**

**Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	West Milford Board of Education					Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of West Milford	Passaic County	
2005	2.401	0.349	2.75	1.12	1.01	4.88
2006	2.549	0.323	2.87	1.19	1.13	5.19
2007	2.697	0.296	2.99	1.26	1.19	5.44
2008	2.778	0.273	3.051	1.331	1.265	5.647
2009	2.914	0.257	3.171	1.409	1.279	5.859
2010	3.065	0.264	3.329	1.478	1.310	6.117
2011	1.929	1.480	3.409	1.502	1.321	6.232
2012	1.842	0.017	1.859	0.832	0.691	3.382
2013	1.866	0.018	1.884	0.840	0.752	3.476
2014	1.917	0.018	1.935	0.883	0.758	3.577

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

WEST MILFORD BOARD OF EDUCATION

Principal Property Tax Payers,  
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
City of Newark	\$ 39,490,500	1	1.43%	\$ 25,488,100	1	1.71%
Tenneco Pipeline	25,284,400	2	0.91%			
Inserra/WMLLC	17,096,800	3	0.62%	6,850,000	2	0.46%
West Milford Shopping Plaza	16,864,400	4	0.61%	6,102,900	3	0.41%
Bald Eagle Senior Living	9,995,500	5	0.36%			
Sprint - Overland Park	6,457,800	6	0.23%			
Lakeland State Bank	5,970,600	7	0.22%	4,617,200	4	0.31%
Bald Eagle Square	4,950,000	8	0.18%	1,782,000	7	
69 Maple Ave. Associates	4,650,000	9	0.17%			
KYH Properties LLC	3,912,700	10	0.14%	3,045,000	6	0.20%
Bald Eagle Inc.				4,600,000	5	0.41%
Castranova				1,732,600	8	0.12%
LGP Realty of West Milford LLC				1,582,400	9	
Wesstor, LLC				1,582,200	10	0.11%
Total	<u>\$ 134,672,700</u>		<u>4.87%</u>	<u>\$ 57,382,400</u>		<u>3.73%</u>

Source: Municipal Tax Assessor's Office

**WEST MILFORD BOARD OF EDUCATION**

**Property Tax Levies and Collections,  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	41,213,666	41,213,666	100.00%	-
2007	43,345,077	43,345,077	100.00%	-
2008	45,366,540	45,366,540	100.00%	-
2009	46,230,729	46,230,729	100.00%	-
2010	48,152,702	48,152,702	100.00%	-
2011	49,908,582	49,908,582	100.00%	-
2012	50,896,172	50,896,172	100.00%	-
2013	51,725,764	51,725,764	100.00%	-
2014	52,496,334	52,496,334	100.00%	-
2015	53,540,227	53,540,227	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a** School taxes are collected by the Municipal Tax Collector. Under New Jersey State a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

## WEST MILFORD BOARD OF EDUCATION

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Loans Payable	Capital Leases			
2006	4,883,000	221,982	759,718	5,864,700	0.0030%	177
2007	4,483,000	185,607	956,710	5,625,317	0.0029%	163
2008	4,148,000	148,748	968,118	5,264,866	0.0036%	191
2009	3,913,000	156,959	1,422,161	5,492,120	0.0036%	198
2010	3,533,000	114,506	916,644	4,564,150	0.0039%	176
2011	3,133,000	92,505	816,590	4,042,095	0.0039%	156
2012	2,733,000	69,914	1,214,688	4,017,602	0.0038%	154
2013	2,313,000	46,687	740,945	3,100,632	N/A	N/A
2014	1,868,000	22,792	740,945	2,631,737	N/A	N/A
2015	1,388,000	18,234	680,940	2,087,174	N/A	N/A

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**WEST MILFORD BOARD OF EDUCATION**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>	
2006	4,883,000	-	4,883,000	0.33%		
2007	4,483,000	-	4,483,000	0.30%		
2008	4,148,000	-	4,148,000	0.27%		
2009	3,913,000	-	3,913,000	0.26%		
2010	3,533,000	-	3,533,000	0.24%		
2011	3,133,000		3,133,000	0.21%		
2012	2,733,000		2,733,000	0.10%		
2013	2,313,000		2,313,000	N/A	N/A	
2014	1,868,000		1,868,000	N/A	N/A	
2015	1,388,000		1,388,000	N/A	N/A	

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

**WEST MILFORD BOARD OF EDUCATION**

**Direct and Overlapping Governmental Activities Debt  
Year Ended June 30, 2015**

<u>Governmental Unit</u>	(1) Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Township of West Milford	30,386,986	100.000%	30,386,986
<b>Other debt</b>			
Passaic County	383,548,769	6.423%	24,635,337
Passaic County Utility Authority	57,210,000	6.423%	3,674,598
Utilities Authority	6,276,091	100.000%	<u>6,276,091</u>
Subtotal, overlapping debt			64,973,013
<b>West Milford Township School District Direct Debt</b>			<u>1,388,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 66,361,013</u></u>

**Sources:** Township of West Milford Finance Officer, Passaic County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of West Milford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2014

**WEST MILFORD BOARD OF EDUCATION**

**Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2015**

	Equalized valuation basis	
	2012	\$ 3,094,555,172
	2013	2,997,207,598
	2014	<u>2,903,914,454</u>
	<b>[A]</b>	<b>\$ 8,995,677,224</b>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 2,998,559,075
Debt limit ( 4 % of average equalization value)	<b>[B]</b>	119,942,363
Net bonded school debt	<b>[C]</b>	<u>1,406,234</u>
Legal debt margin	<b>[B-C]</b>	<b>\$ 118,536,129</b>

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 113,669,569	\$ 128,523,405	\$ 141,268,802	\$ 149,786,778	\$ 151,437,293	\$ 146,639,134	139,371,303	\$ 131,113,321	125,220,894	119,942,363
Total net debt applicable to limit	<u>4,883,000</u>	<u>4,483,000</u>	<u>4,148,000</u>	<u>3,913,000</u>	<u>3,533,000</u>	<u>3,133,000</u>	<u>2,802,914</u>	<u>2,359,687</u>	<u>1,890,792</u>	<u>1,406,234</u>
Legal debt margin	<u>\$ 108,786,569</u>	<u>\$ 128,523,405</u>	<u>\$ 137,120,802</u>	<u>\$ 145,873,778</u>	<u>\$ 147,904,293</u>	<u>\$ 143,506,134</u>	<u>\$ 136,568,389</u>	<u>\$ 128,753,634</u>	<u>\$ 123,330,102</u>	<u>\$ 118,536,129</u>
Total net debt applicable to the limit as a percentage of debt limit	5.24%	4.30%	3.49%	2.94%	2.33%	2.14%	2.14%	1.80%	1.51%	1.17%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

## WEST MILFORD BOARD OF EDUCATION

Demographic and Economic Statistics  
Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2005	27,599	973,389,131	35,269	4.0%
2006	27,574	1,044,089,510	37,865	4.5%
2007	27,528	1,107,258,744	40,223	4.2%
2008	27,568	1,145,615,808	41,556	5.7%
2009	27,746	1,121,659,796	40,426	8.4%
2010	25,871	1,092,480,588	42,228	8.5%
2011	25,892	1,118,767,428	43,209	9.0%
2012	26,010	N/A	N/A	8.6%
2013	26,520	N/A	N/A	7.6%
2014	26,632	N/A	N/A	6.0%

**Source:**

- (1) U.S. Bureau of the Census, Population Division, ( Estimates July 1, 2005-2014)
- (2) Personal Income of the District is based on the County information.
- (3) U.S. Department of Commerce, County information 2005-2014.
- (4) N.J. Department of Labor.

**WEST MILFORD BOARD OF EDUCATION**

**Principal Employers,  
Current Year and ten Years Ago**

Employer	2015			2006		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Shop-Rite of West Milford	N/A	N/A	N/A	N/A	N/A	N/A
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Milford Manor Convalescent Center	N/A	N/A	N/A	N/A	N/A	N/A
Lakeland State Bank Corp.	N/A	N/A	N/A	N/A	N/A	N/A
United States Postal Service	N/A	N/A	N/A	N/A	N/A	N/A
McDonald's	N/A	N/A	N/A	N/A	N/A	N/A
Five Star Values, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Esco Products Corporation	N/A	N/A	N/A	N/A	N/A	N/A
KLAE Construction Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Fredericks Freeland Heating Service	N/A	N/A	N/A	N/A	N/A	N/A
Kemp Industries	N/A	N/A	N/A	N/A	N/A	N/A
Service Concrete Corporation	N/A	N/A	N/A	N/A	N/A	N/A

**WEST MILFORD BOARD OF EDUCATION**  
**Full-time Equivalent District Employees by Function/Program,**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	268.60	243.70	252.80	243.50	240.75	239.00	235.76	248.00	240.30	238.80
Special education	63.10	115.10	118.10	105.10	104.10	116.60	101.60	111.50	109.40	110.20
Other special education	11.00	15.00	11.50	10.00	10.00	9.00	10.50	12.00	14.40	11.20
Other instruction	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	3.00	1.00
Support Services:										
Tuition	-	-	-							
Student & instruction related services	58.70	64.05	71.30	68.20	68.00	54.80	53.65	52.50	66.00	56.60
General administrative services	8.00	7.55	7.00	7.05	7.05	8.05	8.29	10.50	14.00	14.10
School administrative services	42.00	39.00	35.75	38.75	38.75	39.50	38.75	42.00	37.90	39.70
Central services and Admin.Infor. Tech.	12.00	11.45	12.45	11.85	11.85	12.00	13.70	12.00	16.00	11.10
Plant operations and maintenance	52.00	61.75	67.25	84.75	84.40	80.00	55.25	47.00	60.65	60.55
Pupil transportation	63.25	61.50	67.50	65.50	65.00	63.00	56.95	58.50	61.30	53.45
Food Service	33.00	31.00	26.50	32.00	32.00	32.00	29.00	29.00	17.35	15.06
Adult Community School	25.00	27.00	22.00	22.00	22.00	22.00	22.00	22.00	-	-
<b>Total</b>	<u>637.65</u>	<u>678.10</u>	<u>693.15</u>	<u>689.70</u>	<u>684.90</u>	<u>676.95</u>	<u>626.45</u>	<u>647.00</u>	<u>640.30</u>	<u>611.76</u>

**Source:** District Budget Records

WEST MILFORD BOARD OF EDUCATION

Operating Statistics

Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2006	4,518	62,390,931	13,809	7.91%	393	1:12	1:10	1:13	4,527.0	4,305.0	-2.67%	95.10%
2007	4,444	66,650,535	14,998	8.61%	384	1:12	1:10	1:13	4,390.7	4,172.7	-3.10%	95.03%
2008	4,385	69,353,511	15,816	5.46%	382	1:13	1:11	1:12.5	4,278.7	4,063.2	-2.69%	94.96%
2009	4,209	69,103,773	16,418	3.81%	375	1:12.8	1:9.7	1:11.4	4,124.1	3,904.1	-3.61%	94.67%
2010	4,013	69,689,631	17,366	5.77%	356	1:13	1:22	1:13	4,001.0	3,808.0	-2.40%	97.60%
2011	4,009	68,498,262	17,086	-1.61%	335	1:18	1:08	1:09	3,944.5	3,752.2	-1.40%	95.10%
2012	3,896	70,321,875	18,050	5.64%	307	1:12	1:14	1:12	3,797.3	3,615.9	-3.87%	95.20%
2013	3,814	71,687,444	18,796	4.13%	302	1:23	1:11	1:26	3,685.5	3,494.4	-2.94%	94.80%
2014	3,768	73,637,509	19,718	4.79%	319	1:11	1:24	1:23	3,597.6	3,444.3	-0.78%	95.74%
2015	3,710	74,984,506	20,211	2.50%	308	1:15	1:29	1:14	3,597.3	3,442.2	-0.01%	95.70%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Apshawa (1996)										
Square Feet	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	320	320	323	323	306	290	269	264	264	260
Maple Road (1968)										
Square Feet	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	360	360	365	365	334	336	329	327	327	282
Marshall Hill (1959)										
Square Feet	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546
Capacity (students)	486	486	486	486	486	486	486	486	486	486
Enrollment	419	419	382	382	342	338	325	307	307	289
Paradise Knoll (1955)										
Square Feet	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	347	347	300	300	302	303	302	302	302	324
Upper Greenwood Lake (1966)										
Square Feet	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	375	375	362	362	317	313	313	283	283	328
Westbrook(1973)										
Square Feet	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339
Capacity (students)	508	508	508	508	508	508	508	508	508	373
Enrollment	480	480	463	463	427	410	399	395	395	366

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>Middle School</u></b>										
Macopin (1959)										
Square Feet	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066
Capacity (students)	869	869	869	869	869	869	869	869	869	869
Enrollment	755	755	677	677	651	665	627	604	615	576
<b><u>High School</u></b>										
West Milford (1976)										
Square Feet	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514
Capacity (students)	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Enrollment	1,462	1,462	1,439	1,439	1,334	1,294	1,242	1,220	1,182	1,173
<b><u>Other</u></b>										
Administration Building (1976)										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation Office (1976)										
Square Feet	980	980	980	980	980	980	980	980	980	980
Transportation Garage (1976)										
Square Feet	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Transportation Garage (2005)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance Pole Barn (1985)										
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Hillcrest Community Center (1925)										
Square Feet	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005
Number of Schools at June 30, 2015										
Elementary = 6										
Middle School = 1										
High School = 1										
Other = 6										

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

## WEST MILFORD BOARD OF EDUCATION

**GENERAL FUND**  
**SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY**  
**LAST TEN FISCAL YEARS**  
**UNAUDITED**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-XXX

*School Facilities	Project # (s)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
WEST MILFORD HIGH SCHOOL	N/A	262,992	205,938	191,318	178,467	239,311	220,842	174,358	\$ 164,948	\$ 162,601	\$ 234,115
APSHAWA	N/A	26,474	46,534	52,637	65,872	45,143	31,514	49,061	162,735	39,095	25,242
MACOPIN	N/A	160,368	125,260	144,038	125,260	130,533	97,611	78,430	90,362	99,387	117,449
MAPLE ROAD	N/A	57,431	67,017	24,319	67,017	49,342	30,680	92,761	26,451	22,269	40,006
MARSHALL HILL	N/A	36,144	51,995	86,234	24,524	45,387	36,486	89,533	32,050	24,092	31,586
PARADISE KNOLL	N/A	30,093	51,938	42,999	51,938	6,940	37,404	34,380	45,207	76,159	39,931
UPPER GREENWOOD LAKE	N/A	99,891	34,252	47,783	34,252	47,367	78,659	49,287	35,566	45,144	26,112
WEST BROOK	N/A	64,160	31,903	69,634	31,903	47,685	68,528	56,618	45,568	73,139	34,464
ADMINISTRATION	N/A	14,351	47,971	65,360	47,971	8,158	4,953	8,351	2,995	29,856	1,433
HILLCREST	N/A			5,231			-	52	-	-	35
MAINTENANCE POLE BARN	N/A	92,437	36,569	45,634	12,098	5,116	32,403	14,836	26,033	18,515	17,099
TRANSPORTATION GARAGE	N/A	21,653	14,901	17,074	14,901	1,651	29,112	39,986	76,887	83,385	77,859
<b>TOTAL SCHOOL FACILITIES</b>		<b>865,994</b>	<b>714,278</b>	<b>792,261</b>	<b>654,203</b>	<b>626,633</b>	<b>668,192</b>	<b>687,653</b>	<b>708,802</b>	<b>673,642</b>	<b>645,331</b>

(\*) School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

**WEST MILFORD BOARD OF EDUCATION**

**Insurance Schedule  
June 30, 2015  
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
<b>Property &amp; Casualty</b>		
Building & Contents including Equipment Breakdown	91,282,602	5,000
Commercial General Liability	1,000,000	N/A
Persoanl and Advertising Injury Limit	1,000,000	
Fire and Explosion Damage Limit	1,000,000	
Product/Completed Operations Aggregate	2,000,000	
General Aggregate - Policy Limit	2,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	1,000,000	
Business Income with Extra Expense	5,000,000	
Limited Pollution Liability Extension	1,000,000	
Valuable Papers	5,000,000	
Boiler & Machinery Blanket Property Limit	100,000,000	1,000
Crime - Blanket Employee Dishonesty	500,000	5,000
Faithful Performanace	250,000	5,000
Forgery or Alteration	50,000	1,000
Form C Loss Inside & Outside Money & Securities	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake - Blanket Coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	500,000
Commercial Automobile	1,000,000	5% of Limit
Towing & Labor	5,000	25
Comprehensive & Collision	Symbol 2 & 8	1,000
	<u>Limit</u>	<u>Retention</u>
Commercial Umbrella - American Alternative Ins. Co. Policy UMB 9063305 01	9,000,000	10,000
Excess Liability - Fireman's Fund Policy SHX-000-5785-6155	50,000,000	10,000
School Board Legal Liability E&O Darwin National Assurance Company Policy - 0202-0853	1,000,000	10,000
Includes Personal Injury Extension		
Insuring Agreement A & C		25,000
Insuring Agreement B		50,000
Public Official Bonds - Hanover Insurance Company Barbara Francisco - Business Admin. Board Sec.	450,000	N/A

**WEST MILFORD BOARD OF EDUCATION**

**Insurance Schedule  
June 30, 2015  
Unaudited**

	<u>Coverage</u>	<u>Premium</u>
Cyber Liability (Security/Privacy) - Zurich (Steadfast Ins. Co.)	Retention	
Additional Insurance Assessment		
Self Insured - Retention	1,000,000	5,000
Claims Made Form - Retro Date Coverage		7/1/2012
Environmental Impairment Liability - Site Specific - Ace American Insurance Co.		
Claims Made Form		
Policy PPL_G27064607002		
Each Occurrence	1,000,000	
Self-Insured - Retention		25,000
Program Aggregate	10,000,000	
<u>Storage Tank Third Party Liability - Nautilus Insurance Co.</u>		
Claims Made Form		
Policy -CST200331700		
Each Claim	1,000,000	5,000
Total all Claims	1,000,000	
Retro Date Coverage's A and B		7/1/1998
140 High Crest Drive & 41 Henery Road		7/1/1998
51 Highlander Drive		7/30/2011
Nautilus Insurance policy term 7/30/12-7/30/13		
<u>NFIP Flood Insurance Policy - Harleysville Ins. Co. of NJ</u>		
Claims Made Form		
Policy-99029942812013		
Building	90,000	1,000
Contents	-	
Harleysville Ins. Co. policy term 4/11/13 - 4/11/14		

**SINGLE AUDIT**

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

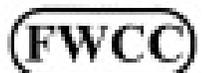
Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic  
West Milford, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2015.

#### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township of West Milford Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of West Milford Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of West Milford Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Example Entity's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Township of West Milford School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated December 17, 2015.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



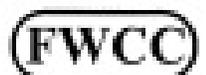
Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

***Ferraioli, Wielkotz, Cerullo & Cuva, P.A.***

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
*Certified Public Accountants*

Pompton Lakes, New Jersey

December 17, 2015



# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY U.S. OMB CIRCULAR A-133 AND NEW JERSEY'S OMB CIRCULAR 04-04

### INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic  
West Milford, New Jersey

#### **Report on Compliance for Each Major Federal and State Program**

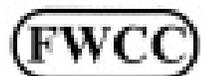
We have audited the Board of Education of the Township of West Milford School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Township of West Milford Board of Education's major federal and state programs for the fiscal year ended June 30, 2015. The Township of West Milford Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township of West Milford Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred



to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Township of West Milford Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Township of West Milford Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Township of West Milford Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Township of West Milford Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of West Milford Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Township of West Milford Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and N.J. OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB Circular 04-04**

We have audited the financial statements of the Township of West Milford Board of Education as of and for the year ended June 30, 2015, and have issued our report there dated December 17, 2015 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and N.J. OMB Circular 04-04 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



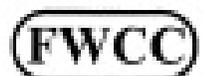
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No. 749

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Ferraioli, Wielkocz, Cerullo & Cuva, P.A.  
*Certified Public Accountants*

Pompton Lakes, New Jersey

December 17, 2015



WEST MILFORD SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ending June 30, 2015

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Grant State Project Number	Award Amount	Grant Period From / To	June 30, 2014			Budgetary Expenditures	Adjustments	June 30, 2015		MEMO Cumulative Total Expenditures
					(Accounts Receivable)	Unearned Revenue	Cash Received			(Accounts Receivable)	Unearned Revenue	
<b>Passed-through State Department of Education:</b>												
<b>General Fund:</b>												
<b>U.S. Department of Health and Human Services:</b>												
Medicaid Reimbursement	93.778	N/A	90,001.27	7/1/14-6/30/15			58,390.09	(90,001.27)		(31,611.18)	*	90,001.27
ARRA - Special Education Medicaid Initiative	93.778	N/A	25,906.85	7/1/14-6/30/15			25,906.85	(25,906.85)			*	25,906.85
Total General Fund					-	-	84,296.94	(115,908.12)	-	(31,611.18)	*	115,908.12
<b>U.S. Department of Agriculture</b>												
<b>Passed - through State Department of Education:</b>												
<b>Enterprise Fund:</b>												
U.S.D.A. Commodities Program	10.550	N/A	65,331.63	7/1/14-6/30/15		604.08	65,331.63	(64,606.83)			*	65,331.63
National School Lunch Program	10.555	N/A	267,579.56	7/1/14-6/30/15			242,631.98	(267,579.56)		(24,947.58)	*	267,579.56
National School Lunch Program	10.555	N/A	260,776.91	7/1/13-6/30/14	(55,496.91)		55,496.91				*	260,776.91
School Breakfast Program	10.553	N/A	10,101.98	7/1/14-6/30/15			8,939.60	(10,101.98)		(1,162.38)	*	10,101.98
School Breakfast Program	10.553	N/A	10,834.84	7/1/13-6/30/14	(2,388.06)		2,388.06				*	10,834.84
Total Enterprise Fund					(57,884.97)	604.08	374,788.18	(342,288.37)	-	(26,109.96)	*	614,624.92
<b>U.S. Department of Education</b>												
<b>Passed - through State Department of Education:</b>												
<b>Special Revenue Fund:</b>												
Title I - Improving Basic Programs	84.010	NCLB5650-15	340,391.00	9/1/14-8/31/15			254,059.28	(305,497.44)		(51,438.16)	*	305,497.44
Title I - Improving Basic Programs	84.010	NCLB5650-14	341,306.00	9/1/13-8/31/14	(100,843.76)		99,380.72	(8,155.72)	9,618.76		*	341,306.00
					(100,843.76)	-	353,440.00	(313,653.16)	9,618.76	(51,438.16)	*	646,803.44
Title II - A -Teacher & Principal Training & Recruiting	84.367	NCLB5650-15	114,981.00	9/1/14-8/31/15			87,371.91	(105,484.03)		(18,112.12)	*	105,979.03
Title II - A -Teacher & Principal Training & Recruiting	84.367	NCLB5650-14	114,944.00	9/1/13-8/31/14	(17,977.91)		25,869.09	(8,386.09)	494.91		*	114,944.00
					(17,977.91)	-	113,241.00	(113,870.12)	494.91	(18,112.12)	*	220,923.03
Title III - English Enhancement	84.365	NCLB5650-15	3,581.00	9/1/14-8/31/15			3,581.00	(3,580.99)			*	3,580.99
Race To The Top Phase 3 (RTT3)	84.413	N/A	36,151.00	7/1/12-11/30/15	(3,048.00)		13,419.00	(10,371.00)			*	36,151.00
I.D.E.A. Part B, Basic Regular	84.027	IDEA5650-15	889,984.00	9/1/14-8/31/15			889,986.00	(889,986.00)			*	889,986.00
I.D.E.A. Part B, Basic Regular	84.027	IDEA5650-14	874,343.00	9/1/13-8/31/14	(79,649.60)		79,649.60				*	874,342.40
I.D.E.A. Part B, Preschool	84.173	IDEA5650-15	36,502.00	9/1/14-8/31/15			38,492.00	(38,492.00)			*	38,492.00
I.D.E.A. Part B, Preschool	84.173	IDEA5650-14	36,742.00	9/1/13-8/31/14	(35,105.34)		10,977.00		24,128.34		*	35,105.34
I.D.E.A. Part B, Preschool	84.173	IDEA5650-13	38,783.00	9/1/12-8/31/13	(69.71)				69.71		*	38,500.19
					(114,824.65)	-	1,019,104.60	(928,478.00)	24,198.05	-	*	1,876,425.93
Total Special Revenue Fund					(236,694.32)		1,502,785.60	(1,369,953.27)	34,311.72	(69,550.28)	*	2,783,884.39
Total Federal Financial Awards					(294,579.29)	604.08	1,961,870.72	(1,828,149.76)	34,311.72	(127,271.42)	*	3,514,417.43

WEST MILFORD SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ending June 30, 2015

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	June 30, 2014		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2015		MEMO	
				(Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Due to Grantor at	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
<b>General Fund:</b>													
Equalization Aid	15-495-034-5120-078	10,288,587.00	7/1/14-6/30/15			9,272,284.00	(10,288,587.00)					(1,016,303.00)	* 10,288,587.00
Transportation Aid	15-495-034-5120-014	1,658,498.00	7/1/14-6/30/15			1,494,672.00	(1,658,498.00)					(163,826.00)	* 1,658,498.00
Special Education Categorical Aid	15-495-034-5120-089	2,243,826.00	7/1/14-6/30/15			2,022,182.00	(2,243,826.00)					(221,644.00)	* 2,243,826.00
Security Aid	15-495-034-5120-084	313,229.00	7/1/14-6/30/15			282,288.00	(313,229.00)					(30,941.00)	* 313,229.00
Adjustment Aid	15-495-034-5120-085	20,389.00	7/1/14-6/30/15			18,375.00	(20,389.00)					(2,014.00)	* 20,389.00
PARCC Readiness Aid	15-495-034-5120-098	36,250.00	7/1/14-6/30/15			32,669.00	(36,250.00)					(3,581.00)	* 36,250.00
Per Pupil Growth Aid	15-495-034-5120-097	36,250.00	7/1/14-6/30/15			32,669.00	(36,250.00)					(3,581.00)	* 36,250.00
Extraordinary Special Education Aid	15-100-034-5120-473	606,959.00	7/1/14-6/30/15			8,183.00	(606,959.00)			(598,776.00)			* 606,959.00
Extraordinary Special Education Aid	14-100-034-5120-473	783,662.00	7/1/13-6/30/14	(783,662.00)		783,662.00							* 783,662.00
Nonpublic Transportation Aid	15-495-034-5120-014	61,014.00	7/1/14-6/30/15				(61,014.00)			(61,014.00)			* 61,014.00
Nonpublic Transportation Aid	14-495-034-5120-014	53,884.00	7/1/13-6/30/14	(53,884.00)		53,884.00							* 53,884.00
On-Behalf TPAF Pension	15-495-034-5094-006	1,543,063.00	7/1/14-6/30/15			1,543,063.00	(1,543,063.00)						* 1,543,063.00
On-Behalf TPAF NCGI Premium	15-495-034-5094-007	103,565.00	7/1/14-6/30/15			103,565.00	(103,565.00)						* 103,565.00
On-Behalf TPAF Post Retirement Medical	15-495-034-5094-001	2,449,614.00	7/1/14-6/30/15			2,449,614.00	(2,449,614.00)						* 2,449,614.00
Reimbursed T.P.A.F. - Social Security	15-495-034-5094-003	2,150,901.24	7/1/14-6/30/15			2,045,928.15	(2,150,901.24)			(104,973.09)			* 2,150,901.24
Total General Fund				(837,546.00)		20,143,038.15	(21,512,145.24)			(764,763.09)		(1,441,890.00)	* 22,349,691.24
<b>Debt Service Fund:</b>													
School Construction Debt Service Aid	15-495-034-5120-075	893.00	7/1/14-6/30/15			893.00	(893.00)						* 893.00
Total Debt Service Fund						893.00	(893.00)						* 893.00
<b>Capital Projects Fund:</b>													
New Jersey School Development Auth.	5650-055-09-1006	36,457.50	N/A	(36,457.50)				36,457.50					* 36,457.50
New Jersey School Development Auth.	5650-080-09-1012	6,818.35	N/A	(6,818.35)				6,818.35					* 6,818.35
New Jersey School Development Auth.	5650-040-09-1002	114,737.73	N/A	(114,737.73)		114,737.73							* 114,737.73
New Jersey School Development Auth.	5650-040-14-1001	425,075.00	N/A			400,750.00	(400,750.00)						* 400,750.00
Total Capital Projects Fund				(158,013.58)		515,487.73	(400,750.00)	43,275.85					* 558,763.58
<b>Special Revenue Fund:</b>													
N.J. Nonpublic:													
Textbook Aid	15-100-034-5120-064	119.00	7/1/14-6/30/15			119.00					119.00		* 119.00
Nursing Aid	15-100-034-5120-070	190.00	7/1/14-6/30/15			190.00					190.00		* 190.00
Technology Aid	15-100-034-5120-373	64.00	7/1/14-6/30/15			64.00					64.00		* 64.00
Technology Aid	14-100-034-5120-373	100.00	7/1/13-6/30/14		100.00				(100.00)				* 100.00
Total Special Revenue Fund					100.00	373.00			(100.00)		373.00		* 373.00
<b>State Department of Agriculture</b>													
<b>Enterprise Fund:</b>													
State School Lunch Program	15-100-010-3350-023	11,230.25	7/1/14-6/30/15			9,899.92	(11,230.25)			(1,330.33)			* 11,230.25
State School Lunch Program	14-100-010-3350-023	10,829.97	7/1/13-6/30/14	(2,300.57)		2,300.57							* 10,829.97
Total Enterprise Fund				(2,300.57)		12,200.49	(11,230.25)			(1,330.33)			* 22,060.22
Total State Financial Assistance				(997,860.15)	100.00	20,671,992.37	(21,925,018.49)	43,275.85	(100.00)	(766,093.42)	373.00	(1,441,890.00)	* 22,931,408.04
Less: On-Behalf TPAF Pension Aid						4,096,242.00	(4,096,242.00)						* 4,096,242.00
Total For State Aid Financial Assistance Determination				(997,860.15)	100.00	16,575,750.37	(17,828,776.49)	43,275.85	(100.00)	(766,093.42)	373.00	(1,441,890.00)	* 18,835,166.04

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Township of West Milford School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal Awards and State Financial Assistance received directly from federal and state agencies, as well as Federal Awards and State Financial Assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(10,571.00) for the general fund and \$33,452.51 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)**

Additionally, as discussed further in Note 9, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2015 fiscal year was \$3,992,677.00.

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 115,908.12	\$21,398,009.23	\$21,513,917.35
Special Revenue Fund	1,402,951.04	-	1,402,951.04
Capital Projects Fund	-	400,750.03	400,750.03
Debt Service Fund	-	893.00	893.00
Food Service Fund	<u>342,288.37</u>	<u>11,230.25</u>	<u>353,518.62</u>
Total Financial Awards	<u>\$1,861,147.53</u>	<u>\$21,810,882.51</u>	<u>\$23,672,030.04</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

The Township of West Milford School District had the following loan balances outstanding at June 30, 2015:

	<u>Amount Outstanding</u>
N.J. Economic Authority Underground	<u>\$18,234.00</u>

**NOTE 6. OTHER**

Revenues and expenditures reported under Food Donation Program represent current year value received and current year distributions respectively.

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2015. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**NOTE 7. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified?            yes   X   no  
 2) Significant deficiencies identified?            yes   X   none reported

Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards**

Internal Control over major federal programs:

- 1) Material weakness(es) identified?            yes   X   no  
 2) Significant deficiencies identified?            yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?            yes   X   no

Identification of major federal programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
<u>10.555</u>	Child Nutrition Program Cluster:
<u>10.553</u>	<u>National School Lunch Program</u>
<u>93.778</u>	<u>School Breakfast Program</u>
<u>93.778</u>	<u>Medical Assistance Program</u>
<u>84.01</u>	<u>ARRA - Special Education Medicaid Initiative</u>
	<u>Title I - Improving Basic Programs</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000  
 Auditee qualified as low-risk audited?   X   yes            no

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)**

**Section 1 - Summary of Auditor's Results, (continued)**

**State Award**

Dollar threshold used to distinguish between type A and type B programs: \$535,593

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major state programs:

1) Material weakness(es) identified?   yes  X  no

2) Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditor's report on compliance for major state programs:  Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?   yes  X  no

Identification of major state programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-014</u>	<u>Transportation Aid</u>
<u>15-100-034-5120-473</u>	<u>Extraordinary Aid</u>
<u>15-495-034-5120-084</u>	<u>Reimbursement T.P.A.F. Social Security</u>
<u>5650-040-14-1001</u>	<u>NJ School Development Authority</u>
<u> </u>	<u> </u>

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)**

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs**

NONE

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Status of Prior Year Findings**

**NOT APPLICABLE**